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CHINA.

THE MARITIME CUSTOMS.

IV.—SERVICE SERIES: No. 69.

Documents illustrative of the Origin,
Development, and Activities of the
Chinese Customs Service.

VOLUME VI:
Despatches, Letters, Memoranda, etc.,
1842 to 1901.

Issued by Order of the Inspector General of Customs.

SHANGHAI:
STATISTICAL DEPARTMENT
OF THE
INSPECTORATE GENERAL OF CUSTOMS.

1938.

NOTE.

Acknowledgment is made to the British Foreign Office for its courtesy in allowing access to the archives of the period anterior to 1886, and for its permission to publish extracts therefrom; and also to the Controller of His Britannic Majesty's Stationery Office for his permission to reproduce excerpts from certain British Parliamentary Blue Books.

The sources of the various extracts have invariably been indicated in appropriate footnotes.

ERRATA.

Page 55, line 9:

For Wu read Woo.

Page 113, line 1:

For Giguel read Giquel.

Page 161, line 24:

For Laprack's read Lapraik's.

CONTENTS.

DESPATCHES, LETTERS, MEMORANDA, ETC.

1842.

	PAGE
Treaty of Nanking (1842), Articles II and X	1

1843.

Supplementary Treaty of Hoomun Chai (1843), Article XII	2
Extract from despatch of Sir Henry Pottinger to Lord Aberdeen on duties of British Consular Officers <i>vis-à-vis</i> the Chinese Customs	2
Despatch on Smuggling from Sir Henry Pottinger, H.B.M. Plenipotentiary, to H.E. Ki Kung, Governor of Canton; and the Governor's reply of 16th April 1843	3
Proclamation on Smuggling issued on 15th April 1843 by Sir Henry Pottinger, H.B.M. Plenipotentiary	5
Extract from despatch of Sir Henry Pottinger to Lord Aberdeen on responsibility of Chinese Authorities to suppress Smuggling	6
Proclamation on the Opium Trade, by Sir Henry Pottinger, H.B.M. Plenipotentiary, and H.B.M. Order in Council of 24th February 1843 ..	6

1847.

Proclamation on the Shipping Coastwise of Chinese-owned Goods in British vessels, issued on 17th September 1847	8
--	---

1851.

Cessation of British Consular intervention in Chinese Custom House procedure ..	10
Notification of 19th August 1851 by Mr. Rutherford Alcock, H.B.M. Consul at Shanghai, on cessation of British Consular intervention in Custom House procedure, and Custom House Regulations of 16th August 1851, issued by the Shanghai Taotai Woo Chien-chang	10

1853.

Notification of 9th September 1853 by Mr. Rutherford Alcock, H.B.M. Consul at Shanghai, introducing Provisional System	17
Notification of 9th September 1853 by Mr. Edward Cunningham, U.S.A. Vice-Consul at Shanghai, introducing Provisional System	21

	PAGE
Notification of 24th October 1853 by Mr. Edward Cunningham, U.S.A. Vice-Consul at Shanghai, recognising floating Custom House established by Taotai	23
Letter of 29th October 1853 from Monsieur B. Edan, Vice-Consul for France at Shanghai, to certain Shanghai merchants authorising Entry and Clearance of French vessels free of Duty	25
Notification of 28th November 1853 by Mr. Rutherford Alcock, H.B.M. Consul at Shanghai, refusing to recognise floating Custom House established by Taotai	26

1854.

Notification of 20th January 1854 by Mr. Edward Cunningham, U.S.A. Vice-Consul at Shanghai, authorising Entry and Clearance of American vessels free of Duty	28
Letter of 30th January 1854 from Mr. Rutherford Alcock, H.B.M. Consul at Shanghai, to H.E. Woo Chien-chang, Taotai at Shanghai, asking when proper Custom House would be established	29
Joint Consular Notification of 9th January 1854 on the establishing of a Custom House on the Soochow Creek	31
Memorandum by Mr. Thomas Francis Wade on the Provisional System at Shanghai	33
Joint Consular Notification of 9th May 1854 protesting against the collecting of Customs Duties at Inland Barriers	45
Suggestions for an Improved Administration of Customs and the Equal Levy of Duties	48
Minutes of Meeting of Taotai and the three Treaty Power Consuls held at Shanghai on 29th June 1854	50
Translation of letter from Taotai Woo Chien-chang (吳 健 彰), dated 4th July 1854, to the three Treaty Power Consuls at Shanghai	55
Joint Consular Notification of 6th July 1854 announcing introduction of revised Custom House system under Foreign Inspectors	56
Memorandum of September 1854 by Mr. Harry Parkes, then H.B.M. Consul at Amoy, on Irregularities of Custom House at Canton	57

1858.

Letter from Lord Elgin to Mr. Horatio Nelson Lay, then Inspector of Customs at Shanghai, requesting his assistance in Treaty negotiations	64
Extract from despatch of Lord Elgin to the Chinese Imperial Commissioners, requesting Lay's services in Treaty and Tariff revision	65
Extract from letter of 6th November 1858 of Messrs. Oliphant and Wade to Lord Elgin, on Lay's services	65
Rule 10 of the Rules of Trade appended to the Treaty of Tientsin (1858)	65
Despatch from Mr. Rutherford Alcock, H.B.M. Consul at Canton, to Lord Elgin, H.B.M. Plenipotentiary, on the Canton Customs	66

1859.

Hart's letter resigning from H.B.M. Consular Service to accept post in Chinese Customs	69
Circular from Hon. F. W. A. Bruce, British Minister to China, to British Consuls at Treaty Ports enjoining them to render assistance to Mr. H. N. Lay, newly appointed Inspector General of Customs	70
Translation of letter from H. E. Hoppo Hung to Mr. C. A. Winchester, H.B.M.'s Consul, Canton, announcing decision to open a Custom House on the Shanghai model	71

	PAGE
Despatch from Hon. F. W. A. Bruce, British Minister to China, to Hon. John E. Ward, U.S. Minister, on action open to China to protect her Revenue ..	72
Despatch from Hon. F. W. A. Bruce, British Minister to China, to Right Hon. Lord John Russell, H.B.M. Secretary of State for Foreign Affairs, on introduction of new Custom House system at Canton	75
Despatch from Hon. John E. Ward, U.S. Minister, to Mr. O. H. Perry, U.S. Consul at Canton, on Hoppo's action in publishing new Custom House Regulations without the Consul's approval	81

1861.

Translation of despatch of 21st January 1861 from Prince Kung, Head of the Tsungli Yamén, to Mr. H. N. Lay, appointing him Inspector General of Customs	85
Discharge of goods before issue of Customs Permit	86
Translation of Memorials and Imperial Decrees of 1861 on Opium; Duty treatment of Native Produce in foreign vessels; Transit Dues; Trade on the Yangtze; Drawbacks and Exemption Certificates; etc.	91

1862.

Memorandum by Mr. Lay, Chinese Inspector of Customs, on the Complaints of the Hong Kong and Shanghae Chambers of Commerce	106
Despatch from Hon. F. W. A. Bruce, British Minister to Peking, to Rt. Hon. Lord John Russell, H.B.M. Secretary of State for Foreign Affairs, on efficiency of Custom House System	127
Despatch from Hon. F. W. A. Bruce, British Minister to China, to Right Hon. Lord John Russell, H.B.M. Secretary of State for Foreign Affairs, on Mr. Robert Hart's visit to Peking in 1861	129

1863.

Agreement entered into between Mr. H. N. Lay and Captain Sherard Osborn ..	133
Translation of despatch from Prince Kung to Sir F. W. A. Bruce on Sherard Osborn Fleet	135
Translation of despatch from Prince Kung to Sir F. W. A. Bruce, H.B.M. Plenipotentiary, on Agreement between Mr. H. N. Lay and Captain Sherard Osborn	138
Despatch from Sir F. W. A. Bruce, H.B.M. Plenipotentiary, to Prince Kung on dissolution of Sherard Osborn Fleet	140
Despatch from Sir F. W. A. Bruce, H.B.M. Plenipotentiary, to Captain Sherard Osborn, giving instructions on disposal of Fleet	142
Translation of despatch of 15th November 1863 from Prince Kung to Mr. H. N. Lay, dismissing him from post of Inspector General of Customs ..	143
Translation of despatch of 15th November 1863 from Prince Kung to Mr. Robert Hart, appointing him as Inspector General of Customs	144
Despatch from Sir F. W. A. Bruce to Earl Russell on the circumstances which led to the dissolution of the Sherard Osborn Fleet	145
Detention of regular Coasting Steamers due to rigid enforcement of Treaty System of Consular and Customs control	154

1864.

1864.	PAGE
Despatch from Mr. Anson Burlingame, U.S. Minister at Peking, to U.S. Consul General at Shanghai, on Political Relations of Foreigners with Chinese ..	162
Origin of Joint Investigation Court	168
Hart's Memorandum of November 1864 on the Foreign Customs Establishments in China	172
Prohibition of Steam-launches to ply on Inland Waters	195

1867.

Confiscation of Smuggled Goods stored away from Treaty Ports no affair of Customs	197
Pilotage in Chinese Waters: Inspector General's Comments on 1867 Regulations	200
Hulks to be Reported on Arrival. Can Penalties imposable by Treaty on nationals of Power concerned, be imposed on nationals of other Powers not having corresponding Treaty Articles?	205
Pilotage in Chinese Waters: 1867 Regulations to be held in abeyance	209
Domestic Loans secured on Customs Revenue to be authorised by Imperial Decree	211
Pilotage in Chinese Waters: 1867 Regulations: Difficulties of enforcement at Shanghai	212
False Manifest cases at Amoy. Prussian Minister's claim that Fines for such cannot be imposed on Prussian vessels	217
National Partnership: Customs Officials instructed not to display	223
Confiscation of Goods claimed to be Passengers' Luggage. Duty of Commissioner to keep Taotai informed	224

1868.

Domestic Loans secured on Customs Revenue: Action to be taken by Commissioners at Ports concerned	228
Domestic Loans secured on Customs Revenue: Commissioners to sign Bonds as Registrars without recourse	232
Despatch from Sir Rutherford Alcock to Lord Stanley, on Hart's plans for use of Tonnage Dues	235
Canton Viceroy institutes War Tax on Opium	237
Duty of Commissioner to keep in close touch with Superintendent and with Mercantile Community	239
Desirability of Friendly Relations between Customs and Merchants	240
Vessels Cleared on Guarantee before full payment of Duties	245
Clearance of Vessels on Guarantee before full payment of Duties: Inspector General's views	246
Letter from Mr. Hart to Sir Rutherford Alcock, on building of Vessels in England for Marine Department	249
S.S. "Dragon," involved in Collision, leaves Port without issue of Customs "Grand Chop." Inspector General's handling of case of Staff Discipline involved	250
Clearance of Vessels under Guarantee before full payment of Duties. Suggested introduction of Bonded Warehouses	273

1869.

PAGE

Clearance of Vessels under Guarantee; Yamēn not in favour of Private Godowns as Bonded Warehouses	275
Canton Viceroy issues Proclamation regarding Chinese Revenue Cruisers ..	277
Preventive Cruisers at Canton	280
Coast Trade Duty: Shanghai Commissioner's proposal that Customs should cease collecting	283
Bonded Warehouse System at Shanghai: reasons against	287
Shanghai Commissioner's suggestion that Foreign Inspectorate should confine itself to Foreign Trade	290
Pilotage Regulations of 1868: Pilots refuse to renew their Licences	293
Note on Chinese Matters	294

1870.

Collection of Duty on Opium imported into Kwangtung Province	304
---	-----

1871.

Collection of Duty on Opium at Stations near Hongkong and Macao	307
Sale of Vessel to Hoppo for Preventive Work	309
Establishment of Opium Duty-collecting Stations round Hongkong	312
Opium Duty-collecting Station outside Macao	317

1872.

China's Revenue Rights outside Hongkong Waters	323
--	-----

1874.

Materials from Hulls broken up liable to Duty: Consul's attitude towards Commissioner	325
Memorandum on Preventive Duties of Deputy Commissioner at Canton ..	330
Deputy Commissioner for Preventive Work at Canton takes charge of Hoppo's Cruisers	341

1876.

Proposals for the better regulation of Commercial Relations	352
Supplementary Despatch from the Inspector General of Customs to His Imperial Highness the Prince of Kung and Their Excellencies the Ministers of the Tsungli Yamēn	455
China's Diplomatic Service to be maintained by appropriations from Customs Revenue	462

1878.

Legal Opinions on Ships' Manifests, and what may be required in them	467
---	-----

	PAGE
1881.	
Joint Investigation Rules: Report on Working of	474
Shanghai Customs: Returns of Collection and Expenditure from July 1854 to 30th September 1860	487
1884.	
Memorandum on the Existing Necessity for Increase in the Revenue of China, and the Measures to be Adopted in order to Obtain such Increase	498
1885.	
Pass System at Shanghai for Re-exports	533
Correspondence relating to the appointment of Sir Robert Hart as H.B.M. Minister at Peking, and his resignation of that post	542
1887.	
Opening of Customs in Kowloon District under Inspectorate General	546
Dues and Duties collected by Hoppo at Kowloon and Macao	560
Suggested amendment of the Hongkong Opium Ordinance	562
Discharge of Cargo by Vessel before Entry at Customs. Clearance of Vessels before full payment of Import Duties	569
1890.	
Customs Activities at Kowloon	576
1894.	
Memorandum on Kowloon and Lappa Customs	580
Opium confiscated by Hongkong Police released by Governor	583
1896.	
Articles 7 and 8 from the Agreement for the Chinese Imperial Government 5 per cent Sterling Loan of 1896	584
Memorandum by Sir Robert Hart proposing the conversion of the Haikuan Tael into a Gold Unit: March 1896	584
1898.	
Articles 6, 7, and 8 of the Agreement for the Chinese Imperial Government 4½ per cent Gold Loan of 1898	595
Despatches from the Tsungli Yamén to Sir Claude MacDonald, undertaking that the Inspector General of Customs shall be a Britisher so long as British trade predominates	597
Despatch from Sir Robert Hart to Sir Claude MacDonald on proposed assistance to be rendered by the Hongkong Government to the Chinese Maritime Customs in view of the leasing to Great Britain of the Kowloon Extension	599
1899.	
Despatch from Sir Robert Hart to Mr. Bax-Ironside on Inland Steam Navigation on the West River	601

1901.

Memorandum by Sir Robert Hart concerning the Indemnity to be paid by China, presented to the Commission appointed by the Diplomatic Body to consider what resources possessed by China should be applied to the payment of the Boxer Indemnity	604
Memorandum by Sir Robert Hart on proposal to convert Haikwan Tael into a Gold Unit, submitted on 30th May 1901 to the International Tariff Commission at Shanghai	610
River Conservancy at Shanghai	613
The Chinese Lighthouse Service	637

Documents illustrative of the Origin, Development, and Activities of the Chinese Customs Service.

Treaty of Nanking (1842).*

ARTICLE II.

His Majesty the Emperor of China agrees, that British Subjects, with their families and establishments, shall be allowed to reside, for the purpose of carrying on their Mercantile pursuits, without molestation or restraint at the Cities and Towns of Canton, Amoy, Foochow-fu, Ningpo, and Shanghai, and Her Majesty the Queen of Great Britain, etc., will appoint Superintendents or Consular Officers, to reside at each of the above-named Cities or Towns, to be the medium of communication between the Chinese Authorities and the said Merchants, and to see that the just Duties and other Dues of the Chinese Government as hereafter provided for, are duly discharged by Her Britannic Majesty's Subjects.

ARTICLE X.

His Majesty the Emperor of China agrees to establish at all the Ports which are by the 2nd Article of this Treaty to be thrown open for the resort of British Merchants, a fair and regular Tariff of Export and Import Customs and other Dues, which Tariff shall be publicly notified and promulgated for general information, and the Emperor further engages, that when British Merchandise shall have once paid at any of the said Ports the regulated Customs and Dues agreeable to the Tariff, to be hereafter fixed, such Merchandise may be conveyed by Chinese Merchants, to any Province or City in the interior of the Empire of China on paying a further amount as Transit Duties which shall not exceed per cent. on the tariff value of such goods.

* Customs publications: Miscellaneous Series, No. 30; "Treaties, Conventions, etc., between China and Foreign States," (2nd Edition, 2 vols.), Shanghai, 1917, vol. i, pp. 352, 355.

Supplementary Treaty of Hoomun Chai (1843).*

ARTICLE XII.

A fair and regular Tariff of Duties and other dues having now been established, it is to be hoped, that the system of Smuggling which has heretofore been carried on between English and Chinese Merchants,—in many cases with the open connivance and collusion of the Chinese Custom House Officers,—will entirely cease, and the most peremptory Proclamation to all English Merchants has been already issued on this subject by the British Plenipotentiary, who will also instruct the different Consuls to strictly watch over and carefully scrutinize the conduct of all persons, being British Subjects, trading under his superintendence. In any positive instance of Smuggling transactions coming to the Consul's knowledge he will instantly apprise the Chinese Authorities of the fact, and they will proceed to seize and confiscate all goods,—whatever their value or nature,—that may have been so smuggled, and will also be at liberty, if they see fit, to prohibit the Ship from which the smuggled goods were landed from trading further, and to send her away as soon as her accounts are adjusted and paid. The Chinese Government Officers will, at the same time, adopt whatever measures they may think fit with regard to the Chinese Merchants and Custom House Officers who may be discovered to be concerned in Smuggling.

**Extract from despatch of Sir Henry Pottinger to Lord Aberdeen
on duties of British Consular Officers *vis-à-vis*
the Chinese Customs.†**

I have observed in reading over one or two of the enclosures to this despatch that they might, taken abstractedly, lead to an inference that I mean to make Her Majesty's Consuls at the different Ports personally responsible for the realization of the Chinese duties and the suppression of smuggling; but nothing is further from my intention. The Consular officers will oblige, under defined regulations, the Masters of all British trading vessels to conform to the Regulations of the Port at which they may be fixed, and will not restore a ship's papers and allow her to sail until the local Authorities shall intimate to him that this has been done. Without some such check I am satisfied the trade would never prosper.

* "Treaties, Conventions, etc.,"*op. cit.*, vol. i, p. 395.

† British Foreign Office archives (hereafter cited as F.O.) 17/66: Pottinger to Aberdeen, despatch No. 24, 25th March 1843.

Despatch on Smuggling from Sir Henry Pottinger, H.B.M.
Plenipotentiary, to H.E. Ki Kung, Governor of Canton;
and the Governor's reply of 16th April 1843.*

GOVERNMENT HOUSE, HONGKONG,

April 13th 1843.

It has been brought to my notice, through a private channel, that a very extensive system of smuggling and evasion of duties, both outwards and inwards, is at this time practiced at Canton, with the connivance of the local custom-house officers, and lest the same fact should come to your excellency's knowledge, and you should be led to imagine, that I either approve, or countenance such proceedings, to the obvious detriment of the legal trade, and the great loss of the imperial revenue, I do myself the honor in assuring your excellency to the contrary, and of declaring, in this official manner, that such practices are totally at variance with the intentions and wishes, both of my government and myself, and that I shall be happy to unite with your excellency in any step consistent with my situation and duties, towards putting a stop to this evil. It is almost needless, however, for me to report, that which I have over and over again explained to the imperial commissioners, and other Chinese authorities, that the suppression of smuggling must depend on the activity and integrity of the Chinese custom-house officers; that neither British officers, nor people, nor vessels, can be employed in it; and that, however deeply I may deplore such disreputable and disgraceful conduct, the remedy does not lie in my hands.

I avail myself of this occasion to wish your excellency health and happiness. A most important communication.

(signed) HENRY POTTINGER.

To His EXCELLENCY KI KUNG, Gov.-GENERAL,
etc., etc., etc., CANTON.

* F.O. 17/67. "The Chinese Repository," vol. xii, 1843, pp. 271-272.

Ki Kung, a guardian of the heir-apparent, etc., etc., hereby makes this communication in reply:—

I have this instant, received the honorable plenipotentiary's communication of the 14th day of the 3rd moon (13th April), which I perfectly understand, and by it may be seen the honorable plenipotentiary's most praise-worthy intentions to maintain peace and harmony.

As to the hoppo's clerks and followers receiving bribes to connive at smuggling, it is, I really fear, difficult to guaranty that such is not the case, and I, the governor-general, have communicated the same to his excellency, the hoppo, that, by some examples of severity, he may cleanse out this fountain of evil. As regards the English merchants, no doubt there are good and upright men among them: but yet, it is to be feared, that out of every ten of them, there may at least be one or two given to deceit. The honorable plenipotentiary, for his part, gives no protection or encouragement whatever to smuggling, and I, the governor-general, never had the smallest suspicion that he did so; still, it is difficult for a single person to oversee so much, and if, perchance, his supervision be not perfect, there will be less or more of smuggling; so I must, as before, beg of the honorable plenipotentiary, that the two countries being now united in friendship, he will be more stringent than ever in his superintendence; the English merchants should not be permitted to listen to the seduction of the hoppo's clerks and followers, to league with them in evading the duties; and now that we are engaged in consulting about a tariff of duties, I still more devoutly hope, that the plenipotentiary will come forward with a plan of rules and regulations to be inscribed in our code as a lasting guide, how we may act together in searching and preventing such abuses.

For this I now reply, and avail myself of the opportunity to wish your excellency all health and happiness.

Táukwáng, 23rd year, 3rd moon, 17th day (April 16th 1843.)

To HIS EXCELLENCY SIR HENRY POTTINGER,

BART., etc., etc.

Proclamation on Smuggling issued on 15th April 1843 by
Sir Henry Pottinger, H.B.M. Plenipotentiary.*

His excellency sir Henry Pottinger, bart., G.C.B., her Britannic majesty's plenipotentiary, and chief superintendent of the trade of British subjects in China, issues this proclamation, in the name, and in behalf of her majesty the Queen, and the government of Great Britain, etc., with the view of making fully known, the sentiments of deep regret, and unmitigated disapprobation under which he was obliged to address the communication, of which an English version is annexed, to his excellency, the viceroy of the Two Kwang provinces, on the 13th of this month.

As at present informed, it is impossible for her majesty's plenipotentiary, etc., to particularize, either the firms or individuals, or even the countries to which they belong, who have, with the connivance of the Chinese custom-house officers, entered into this shameless and disreputable system of wholesale smuggling,—a system which, were it overlooked and permitted, would not only speedily sap and destroy the existing foundations of all legal traffic, but would render absolutely nugatory every exertion and arrangement that may be made, or may be attempted to be made, to put such legal traffic, on a firm, regular, and respectable footing. Her majesty's plenipotentiary anticipates, however, that he may, at a future period, have it in his power to make known the names of those individuals, in order that—whatever be their country—they may be held up to the public estimation they merit, and which it would be superfluous to designate.

Her majesty's plenipotentiary can only lament, that at this moment, his power to check these reprehensible proceedings, so far as British subjects are concerned, is not equal to his wish, but he trusts, that on the expected arrival of the imperial commissioner (successor to Ilipu) means will be devised by that high officer, in concert with the provincial authorities of Canton, to bring all parties (whether foreigners or Chinese) to account for their share in the transactions which have led to this proclamation; and the plenipotentiary hereby intimates, beforehand, that he will as far as may be legal, aid and advise the Chinese officers in whatever measures they may adopt to eradicate the evils herein denounced, and specially towards removing all British smugglers, and their vessels and boats from the river of Canton. His excellency further intimates, that such smugglers and their boats and vessels will not receive protection in the harbor or waters of Hongkong. God save the Queen.

* "The Chinese Repository," vol. xii, 1843, p. 224.

Dated at the Government House, at Hongkong, this 15th day
of April, 1843.

HENRY POTTINGER,

H.M. Plenipotentiary.

Extract from despatch of Sir Henry Pottinger to Lord Aberdeen
on responsibility of Chinese Authorities to
suppress Smuggling.*

It is almost needless, however, for me to repeat, that which I have over and over again explained to the Imperial Commissioners and other High Chinese Authorities that the suppression of smuggling must depend on the activity and integrity of the Chinese Custom House officers, that neither British officers, nor people, nor vessels can be employed in it; and that however deeply I may deplore such despicable and disgraceful conduct, the remedy does not lie in my hands.

Proclamation on the Opium Trade, by Sir Henry Pottinger,
H.B.M. Plenipotentiary, and H.B.M. Order in
Council of 24th February 1843.†

PROCLAMATION.

It having been brought to my notice, that such a step has been contemplated, as sending vessels with opium on board, into the ports of China to be opened by treaty to foreign trade; and demanding, that the said opium shall be admitted to importation, in virtue of the concluding clause of the new tariff, which provides for all articles not actually enumerated in that tariff, passing at an ad valorem duty of five per cent.: I think it expedient, by this proclamation, to point out to all whom it may concern, that opium being an article, the traffic in which is well known to be declared illegal and contraband by the laws and imperial edicts of China,

* F.O. 17/67: Pottinger to Aberdeen, despatch No. 34, 17th April 1843.

† "The Chinese Repository," vol. xii, 1843, p. 446.

any person who may take such a step will do so at his own risk, and will, if a British subject, meet with no support or protection from Her Majesty's consuls, or other officers.

This proclamation will be translated and published in Chinese, so that no one may plead ignorance of it.

GOD SAVE THE QUEEN.

Dated at the Government House, at Victoria, this 1st day of August 1843.

HENRY POTTINGER.

ORDER IN COUNCIL.

At the Court at Buckingham palace, the 24th day of February, 1843; present, the Queen's most excellent Majesty in council.

Whereas by an act passed in the session of Parliament holden in the 3rd and 4th years of the reign of his late majesty king William IV., entitled "An act to regulate the trade to China and India," it was, amongst other things, enacted that it should and might be lawful for his majesty, by any such order or orders, commission or commissions, as to His Majesty in council should appear expedient and salutary, to give to the superintendents in the said act mentioned, or any of them, powers and authorities over, and in respect of the trade and commerce of his majesty's subjects with any part of the dominions of the emperor of China, and to make and issue directions touching the said trade and commerce, and for the government of his majesty's subjects within the said dominions, and to impose penalties, forfeitures, or imprisonments for the breach of any such directions or regulations, to be enforced in such manner as in the said order or orders should be specified.

Now, therefore, Her Majesty in council is pleased, by and with the advice of her privy council, to prohibit, and doth hereby prohibit, her subjects from resorting, for the purpose of trade and commerce, to any other ports in the dominions of the emperor of China than those of Canton, Amoy, Fuchau fu, Ningpo, and Shanghai, or than may be in the occupation of her majesty's forces; and her majesty is pleased to order that any of her subjects committing a breach or violation of this direction shall, upon conviction thereof in any of Her Majesty's courts of Record or Vice-admiralty, be, for every such offense, liable to a penalty not exceeding £100 or to imprisonment for a term not exceeding three months, at the discretion of

the court before which the conviction shall take place; and her majesty is hereby further pleased to order that all proceedings which may be had under this order shall be, as far as circumstances will permit, in conformity with the law of England. And the right hon. the earl of Aberdeen, and the right hon. lord Stanley, two of her majesty's principal secretaries of state, the lord commissioners of her majesty's treasury, and the commissioners for executing the office of lord high admiral, are to give the necessary directions herein as to them may respectively appertain.

**Proclamation on the Shipping Coastwise of Chinese-owned Goods in
British vessels, issued on 17th September 1847.***

His Excellency Her Majesty's Plenipotentiary, etc., is pleased to direct that the annexed correspondence, in which the Chinese Minister concedes the right of subjects of his Government shipping on board of British vessels, be published for general information.

By Order,

(signed) A. R. JOHNSTON.

VICTORIA, HONG-KONG, *September 17, 1847.*

Commissioner Keying to Sir John Davis.

(Translation.)

Keying, High Imperial Commissioner, etc., sends the following reply to a letter of the Honourable Envoy, dated 20th day, 7th month (30th August), respecting the chartering and freighting of English vessels by Amoy merchants.

Having duly perused this communication, I may remark that foreign merchants should generally convey their goods in foreign ships, and Chinese merchants make use of their junks. The exports and imports would thus be easily examined by the custom-house, and the revenue not suffer by smuggling.

*British Parliamentary Papers (hereafter cited as B.P.P.); "Rules and Regulations concerning the Trade in China, and Notifications promulgated in 1847," pp. 35, 36.

In your present despatch you however observe, with great truth, that it will impede the trade, if Chinese merchants are prevented from putting their cargoes on board of English vessels, and that there is a great similarity between the people from Singapore and our Chinese merchants. We ought therefore to adopt measures and enter upon some arrangements, that the Chinese may not be debarred from using and loading on British vessels. The English ships in that case must pay the tonnage dues, and the duties on goods on Chinese account be paid by the Chinese merchants themselves; but the English captains ought not to take the whole management of these matters in their behalf. Thus we shall perhaps act with justice in regard to commerce, and create no obstacles to the collection of duties.

Trusting that the Honourable Envoy will take the same view of this question, I beg you to favour me with an answer, after having considered the subject.

Whilst forwarding this reply I wish you every happiness.

Taoukwang, 27th year, 7th month, 27th day (September 6, 1847).

Sir John Davis to Commissioner Keying.

September 10, 1847.

(Extract.)

I have to acknowledge your Excellency's communication regarding the shipment of cargoes in British vessels.

You very justly propose that we should adopt measures and enter upon some arrangements that the Chinese may not be debarred from loading on British ships. In this manner mutual trade and friendship will be promoted, and smuggling prevented.

Every British vessel according to the Treaty must pay the whole tonnage dues, without any regard to the owners of the cargo. The Consul will not allow her to trade unless this has been done.

The Consul will in like manner not allow any British ship to leave the port until all the custom duties on the whole cargo have been duly discharged, whether the owners be Europeans or Chinese. In this manner it will be impossible to evade the duties. Provided that these are regularly discharged, it can make no difference who are the owners of the cargo. The Consuls thoroughly understand this; and when a ship has once entered the port, it is impossible for her to evade the authority of the Consul.

**Cessation of British Consular intervention in Chinese
Custom House procedure.**

FOREIGN OFFICE, June 18th, 1851.

SIR,

I am directed by Viscount Palmerston to acquaint you in reply to your letter of this day's date, that Sir Samuel Bonham was instructed by the Mail of last month to state to the Chinese High Commissioner, that as the Chinese authorities will not do their duty in preventing the Emperor of China from being defrauded of his just dues, the British Government can no longer order her Majesty's Consuls to do that for the Emperor of China, which the Emperor's own servants do not deem it necessary to do for Him; and that consequently all interference on the part of the British Consular Authorities for the protection of the Chinese Revenue, will for the future be withheld. Sir Samuel Bonham was further instructed to make such arrangements as might appear to him to be sufficient for carrying out the intentions of Her Majesty's Government in this respect.—I am, Sir, your most obedient humble servant,

(signed) H. U. ADDINGTON.

SIR THOMAS BIRCH, BART.,
Cox's HOTEL.

Notification of 19th August 1851 by Mr. Rutherford Alcock, H.B.M. Consul at Shanghai, on cessation of British Consular intervention in Custom House procedure, and Custom House Regulations of 16th August 1851,
issued by the Shanghai Taotai Woo Chien-chang.*

BRITISH CONSULATE OFFICE, SHANGHAE,
19th August 1851.

The annexed copy of an official communication addressed by Her Majesty's Consul to His Excellency the Acting Taoutae Woo,

* "North-China Herald" (hereafter cited as N.C.H.), No. 56, 23rd August 1851. F.O. 228/151: Enclosure in despatch No. 68, Alcock to Bonham, 14th September 1853.

pursuant to instructions recently received from Her Majesty's Government, is circulated for the information of the British Mercantile Community.

All interference on the part of the British Consular Authority for the protection of the Chinese Revenue ceasing from this date, it is to be hoped the Custom-house Authorities may be induced by their own independent exertions to collect the revenue more fairly in regard to the interest of individual Merchants, and more vigilantly and effectually as regards the whole Foreign Trade of the Port.

But under any circumstances Her Majesty's Government will require that British and Foreign Merchants be treated alike, and that any restriction or regulations shall apply equally to all, without distinction of person or flag. While this principle is carried out the Chinese Superintendent of Customs at this Port will meet with no obstruction from Her Majesty's Consul, to the free exercise of the power conferred by Treaty, to adopt the means that he may judge most proper to prevent the Revenue suffering by fraud or smuggling, so long as the means taken shall not violate any other Treaty right or provision, nor be unfairly applied to individuals.

It will be seen by the annexed letter to the Taoutae that all business in which the Custom-house is concerned, after the first reporting of the Ship through the Consulate, will be from this date transacted by the Merchants and the Custom-house Authorities without any Consular intervention whatever, unless cause of complaint or dispute should arise on either side, which cannot otherwise be arranged.

A Manifest of Export Cargo with such particulars as may be deemed necessary will still be required to be filled at the Consulate Office, but not for the purpose of transmission to the Custom-house. The Consignees of the Ship will themselves clear the Ship at the Custom-house and apply for the Grand Chop, on the production of which at this Office, if found to correspond with a duplicate to be received direct from His Excellency the Superintendent of Customs, and no other cause of detention exists, the Ship's papers will be returned with a Port Clearance authorizing the departure of the vessel.

Some modification in the Custom-house arrangements and the Regulations for the landing and shipping of Goods and clearance of Ships appearing necessary, His Excellency the Acting Taoutae Woo, has addressed the accompanying Official letter to Her

Majesty's Consul on the subject, transmitting a new set of Custom-house Regulations, with notice that they will at once come into operation. An Official translation of these is annexed, for the general information and guidance of the British Mercantile Community.

(signed) RUTHERFORD ALCOCK,

Consul.

TO THE BRITISH MERCANTILE
COMMUNITY, SHANGHAE.

Alcock, Consul, etc., makes this official communication:—

Instructions have recently been received from Her Britannic Majesty's Government, directing the Consular Authorities at the Five Ports to allow the Trade of British Subjects for the future, to be carried on in the same manner and under similar circumstances, as the trade of Citizens of the United States and of subjects of other nations. All interference therefore of the British Consul at this Port for the protection of the Chinese Revenue will cease from this date; and it must rest with your Excellency alone as Superintendent of Customs, to adopt all necessary measures for the collection of the Custom-house dues, without looking for information of any irregularities or smuggling from this office.

You the Honorable Taoutae will clearly understand that the British Government do not claim for British Merchants any especial privileges, but they require that British and Foreign Merchants shall be treated alike such being in strict accordance with the provisions of our Treaties, and therefore Chinese officers cannot permit or connive at the evasion of the payment of duties by Foreign Merchants, and adopt a different course with regard to British Subjects.

The motives which have induced the British Government to arrive at this decision have been clearly communicated to His Excellency Seu the Imperial Commissioner at Canton by Her Majesty's Plenipotentiary. It is unnecessary therefore that I should trouble Your Excellency with any details on this head; and it only remains for me to give you the Honorable Taoutae this official notice and to request you will let me know what modifications in the Custom-house regulations may be deemed necessary at this Port in consequence. These I fancy however need only be slight.

By the Custom-house Regulations issued by His Excellency Lin-kwei in September last, all the shipping business connected with Exports is already transacted at the Custom-house by the Merchants themselves without the intervention of the office. And the same rule must now be applied to the Imports, and to the clearing of the Ship by the payment of duties and the issue of the Grand Chop.

As it is obligatory upon the Consular Authorities of Foreign states here to give you the Honorable Taoutae a detailed manifest of the Import cargo and such manifests are actually sent in, I shall in like manner, and so long as the rule continues to be acted upon by others, give Your Excellency the same facilities for verifying the Import cargo of British vessels.

Thus after duly reporting the arrival of a Ship and transmitting a manifest of the Import cargo, nothing further will remain for me to do, but to hold the Ship's papers until the production of the Grand Chop shows me the Custom-house dues have all been settled and that the vessel is at liberty to depart, when the papers will be returned.

In the event only of disputes arising between the Custom-house officers and the Merchant, which cannot otherwise be settled, will any intervention or interference of Consular Authority be necessary between the first reporting of the Ship and her final departure.

You the Honorable Taoutae have written to me lately several letters respecting proposed or actual modifications in the arrangement of the Custom-house business which I have not definitely answered, but as you will perceive, further reference to them is unnecessary, since the Custom-house Regulations must now be based upon my present communication.

SHANGHAE, 14th August 1851.

To His EXCELLENCY ACTING INTENDANT
OF CIRCUIT Woo, SHANGHAE.

Woo, Acting Intendant of Circuit, etc., etc., makes this communication in reply:—

I have to acknowledge the receipt of your letter informing me that Instructions having been received from Her Britannic Majesty's Government directing the Consular Authorities at the Five Ports to allow the Trade of British Subjects for the future to be carried on

in the same manner and under similar circumstances as that of the Citizens of the United States and of Subjects of other nations, all interference on your part for the protection of the Chinese Revenue at this Port must cease from this date, and requesting me to let you know what modifications in the Custom-house Regulations may be necessary in consequence, etc.

Having received this letter it is my duty under the circumstances to establish other regulations modifying the present system of Custom-house business, so to prevent any impediment arising from the change. Wherefore I make this communication in reply, and beg to enclose you a new set of Regulations (annexed hereto) which I beg you to notify to the British Community for their guidance henceforward. I have sent a copy of the same regulations to the Consuls of other nations resident here to be published by them in like manner.

A necessary communication in reply.

Heenfung, 1st year, 7th moon, 20th day (16th August 1851.)

To RUTHERFORD ALCOCK, Esq., H.B.M.'s CONSUL.

True Translation, W. H. MEDHURST.

True Copy, FRED. HOWE HALE.

CUSTOM HOUSE REGULATIONS.

1st. *Reporting of Ships on Arrival*.—As soon as a vessel arrives in Port she must as heretofore be reported in accordance with the Treaty, through the intervention of the Consul. The Consignee of the Ship will then apply to the Custom-house for a written permit to open the hold and land her goods, and should the hatches be opened before the delivery of such permit, the Consul will as soon as it is discovered be requested to inflict the penalties by Treaty provided, and the goods thus illegally landed or transhipped shall all be confiscated.

2nd. *Separate Report of Imports Goods by Each Consignee*.—After the permit to open the hatches has been delivered to the Consignee of the vessel, each of the several Consignees of the cargo will hand into the Custom-house a written note specifying the number of packages, contents and such like particulars, when a permit in writing shall be delivered to the party so reporting on which the goods may be landed. And if any goods be discovered

landed or transhipped without such written Authority, or any discrepancy be found between the quantities landed and those specified in the notice and permit, the whole of such goods shall be confiscated.

3rd. *Report of Export Goods by Consignees.*—The reporting of Export Goods at the Custom-house shall be transacted in the same manner as that of Import Cargoes. A permit to load having previously been applied for and received by the Consignees of the Vessel, each individual shipper will then hand into the Custom-house a written notice specifying the nature of produce, number of packages, and such like particulars, when a permit in writing will be delivered to him on which to make the shipment. If any goods be discovered being shipped without such permit, or discrepancy be found between the nature and quantity shipped and that recorded on the permit, the whole of the goods thus irregularly shipped shall be confiscated.

4th. *Reporting a Vessel Outward.*—When the loading of a vessel is completed the Consignee of the Ship will hand into the Custom-house a written manifest of the outward cargo particularizing therein the nature and quantity of the goods, the weight of each package, and the collective amount of the whole.

5th. *Production of Dockets of Registry on Payment of Duty.*—All Foreign Merchants purchasing Tea and Silk for export will demand from the Chinese Dealer the Station-house Dockets of Registry, which will be produced to the Government Banker on payment of Duties, and without which documents the Banker is under strict orders not to receive any duties, or deliver any receipts. But the Station-house officers may not extort the slightest fee in the issue of such dockets, and should any, attempt to break this rule, the sufferers are at liberty to report them, and they shall be severely punished.

6th. *Payment of Duties.*—The Consignees will make up the account of all Tonnage dues, and Import and Export duties at the Custom-house, and then pay the whole into the Government Bankers, from whom they will receive the usual receipts which will be delivered directly into the Custom-house, and not as heretofore through the Consul. If any misunderstanding should arise however, reference will be made to the Consul as usual.

7th. *Clearing of a Vessel Outward.*—The Custom-house once satisfied of the correctness of the manifests of Import and Export cargo, and that the whole of the dues and duties have been paid in, will issue a grand chop which will be in Triplicate specifying the

actual amounts of Tonnage dues and duties paid. One copy of which will be handed to the merchant, one sent to the Consul, and one kept on record, and on production of which the Consul will return the Ship's papers and allow the vessel to depart.

8th. *Shipment or Discharge of Goods after Sunset will be Deemed Smuggling.*—The Shipment and discharge of goods shall be carried on between sunrise and sunset, and cannot be allowed after dark; if there be any necessity to continue either after dark it can only be permitted on application to the Superintendent of Customs for, and receipt of, a special permit. Any infraction of this rule shall be treated as Smuggling and all the goods shall be confiscated.

9th. *The Examination of Cargo-Boats.*—The Custom-house attendants stationed at the Jetties will be at liberty as they think necessary, to demand of the Masters of Cargo-boats discharging and shipping goods, the name of the vessel whence they have come, or whither they are going, as also the name of the Hong to which the goods belong, and the number of packages in the boat; and the man in charge shall reply clearly to their questions without any misrepresentation, should he refuse to do so or be unable from ignorance to give the requisite information, or should the Custom-house officers see reason to suspect any irregularity, in either case they will remove the Boat to the Custom-house Jetty for more minute examination. And should false information be proved to have been given, the boat will be confiscated and the party in charge punished by their own Authorities if Chinese, and if a foreigner the Superintendent of Customs will request the Consul to examine the case and prohibit the party from pursuing the business of lightering. The Custom-house attendants will however not be permitted under pain of severe punishment, to offer vexatious interference, or cause unnecessary detention.

10th. *Penalties of Smuggling.*—Increased vigilance on the part of the Custom-house officers, and rigorous application of the laws are most necessary at this juncture, in order to earn respect to Authority, and prevent frauds upon the revenue. It is therefore publicly notified that henceforth the Superintendent of Customs will levy the full penalty without any compromise, whenever any case of Smuggling is proved and confiscate the whole of the goods he is entitled by Regulation to seize, without distinction of persons or flags.

True Translation, W. H. MEDHURST.

True Copy, FRED. HOWE HALE.

**Notification of 9th September 1853 by Mr. Rutherford Alcock, H.B.M.
Consul at Shanghai, introducing Provisional System.***

BRITISH CONSULATE, SHANGHAE,
9th September 1853.

On the 7th instant before daybreak a Column of armed men entered the City of Shanghae by the North Gate and took possession of the Place. The Authorities were deposed,—the Che-héen killed, and since that date the Leaders of the force, whoever they may be, remain Masters of the City. The Custom-houses with the other official Buildings have been either demolished or plundered, and there is at present no Custom-house Administration, and no recognized authority to carry on the functions of Government. The City has been partially plundered. Contributions have been levied, and serious dissensions among the armed men of various Provinces who are in possession, still threaten a sanguinary struggle for supremacy, chiefly between the Fokien and the Canton Factions.

In this state of affairs a very natural anxiety exists as to the security of property within the Foreign settlement; and many urgent representations have been made to H.M.'s Consul to induce him to afford facilities for the departure of British ships with valuable cargoes, on the ground of insecurity, and of injury and loss from detention, irrespective of greater danger.

Many arguments more or less cogent have at the same time been urged as reasons why sailing of ships should be authorised, without regard to a Treaty, for the moment in abeyance at this Port, or any Trade Regulations to the contrary. H.M.'s Consul thinks it right under these circumstances to state in the plainest manner his views in reference to the means suggested for diminishing the disastrous influence of the Insurrection on Trade at the Port; more especially in reference to the arguments which have been suggested as sanctioning an unfettered line of action.

It is contended that the Treaty has for the moment at least no existence at this Port, since there is no Government to carry out its provisions, and that in regard to the rights and claims of a Custom-house, where none exists there can be no obligation to observe its rules or pay its duties. To this a very obvious reply suggests itself on the part of the Chinese Government namely,—that the capture of an isolated sea-port on the coast of a vast Empire, can in no sense abrogate a solemn Treaty entered into between the

* N.C.H., No. 164, 17th September 1853. F.O. 97/99: Bonham to Clarendon, despatch No. 100, 26th September 1853.

two Sovereigns of Great Britain and China. The obligations continue to exist on either side, although for a time the means of giving full effect may, by insurrection or violence, be wanting to one of the contracting parties. The inability of the one Government to enforce its rights owing to calamities which beset it, so far from being a reason why the other should take advantage of the circumstances to ignore its rights, forms in truth the strongest argument for their honest recognition. That this is the view taken by H.M.'s Plenipotentiary, and by H.M.'s Government, has been placed beyond doubt. It remains therefore simply for H.M.'s Council to observe the Treaty; and in any measures adopted to the peculiar circumstances of the time, to take care that the rights of the Chinese Government suffer no infringement.

It has been further stated that whatever precautions may be taken to insure good faith in respect to the Chinese Revenue under the British Flag, there is no power to insure a similar course in respect to Trade and Custom duties under every other Flag; and that it would be both a hardship and an injury to British Merchants if they were placed on less advantageous terms than their neighbours and competitors. It is very true that H.M.'s Consul can have no pretension to interfere with the Representatives of other Powers in the means they may see fit to adopt in this conjuncture, but it is not less clear that H.M.'s Consul must hold himself free from all obligation to follow a course which to his judgement may appear unjustifiable, simply because it may have been adopted by others. This, so far as the line of his duty is concerned, but he is not without hope that something of uniformity may be found to prevail among the Consular representatives as to the obligations imposed by good faith under existing Treaties, and the particular measures it may be deemed expedient to adopt to reconcile the exigencies of trade, and the rights of the Chinese Government under such Treaties.

Having thus deposed of the principal arguments for and against the cessation of all Treaty rights and Trade Regulations, it only remains for H.M.'s Consul to state what is the course he is prepared to follow; in the absence of a Custom-house and all legal Authority at the Port, which may continue for an indefinite time to the great injury of all concerned.

By Treaty no Ship can leave its anchorage until all duties are paid up in full, and the issue of a Port Clearance by the Superintendent of Custom; upon production of which to the British Consul "he will return the Ship's papers and allow the vessel to depart." No provision has been made either by the Treaties or the Consul's

Instructions, for the exceptional circumstances now existing where there is no Custom-house Establishment to verify the landing and shipping of goods, and no Superintendent to receive and grant receipt for the Duties. There is in brief, no authority given to the British Consul to return the Ship's papers and allow the vessels to depart, without such credentials as a Superintendent of Custom can alone furnish. If he takes upon himself to do so by any provisional arrangement, he must do so entirely upon his own responsibility; and a very heavy one it becomes, under two heads. First as to the verification of the amounts due to the Chinese Revenue, and secondly as to the payment of the same.

It must be too clear for dispute therefore, that if he consent to take this unauthorized responsibility—it must rest with him, and him alone, to specify the conditions under which he is willing to accept so onerous a charge. If any one object to the conditions, the alternative is their's to refuse compliance and abide by the Treaty, which requires the Consul to keep the ship's papers until a Port clearance has been granted by the Superintendent of Customs: but in doing so they must of course accept all the consequences.

Any adaptation of measures to meet the exigencies of the times, if in accordance with the Treaty must carry with it two conditions which are essential to good faith in the matter. The verification of the amounts due according to the Tariff, and the guarantee for their payment on demand. And H.M.'s Consul wishes it to be distinctly understood that the provisional system he is willing to adopt, proceeds on the assumption that both these ends can be satisfactorily attained, pending the absence of a Custom-house Establishment to verify and receive the duties; and only in so far as he can see his way to the realization of both these objects, is he disposed to accept the grave responsibility he must unavoidably incur. No simple declaration of shippers as to goods landed or shipped without any check, sanction or supervision of Custom-house Officers, will be held satisfactory if doubt should arise as to their accuracy, and other and better means are attainable. All such parties will bear in mind that they can plead no legal authority whatever for either the landing or shipping of goods since the morning of the 7th inst., and have no right therefore to complain of any scrutiny it may be deemed necessary to institute for the verification of manifests made under such circumstances. For any cargoes landed or shipped under the late Custom-house arrangement, in so far as these can be shown to have been sanctioned by them, the returns will be taken as they stand.

As regards the payment of duty a still heavier responsibility weighs upon H.M.'s Consul if silver be not tendered; and after the recent official announcement of the views of H.M.'s Plenipotentiary and the Instructions already in the hands of the former, nothing but the conviction that the property is insecure, and exposed to unforeseen risks, induces him to contemplate any measures which shall substitute security however good, for actual payment. He believes however from the best information he can obtain that to insist upon payment at the present moment with the City in the hands of an unknown Band of Insurgents, and Soochow itself probably in the same condition, would amount to a declaration that the ships shall not depart until order be re-established. It is useless therefore for the Consul to take upon himself the irksome and obnoxious task of verifying the ships cargoes and the amount of duties payable, unless he is at the same time prepared to accept the still more onerous responsibility of receiving security for payment instead of the delivery of Cash. He will take upon himself to do both therefore, since thus alone can he afford the assistance he desires in order to avert the indefinite detention of ships and the possible destruction of Property to a large amount:—and upon the following conditions:—

**PROVISIONAL RULES FOR THE CLEARING OF SHIPS IN THE
ABSENCE OF A CUSTOM-HOUSE ESTABLISHMENT.**

1st.—The Consignee of each Ship to give into this Office a declaration in writing of all the parties to whom Imports have been consigned, and of all those who are shippers of outward Cargo.

2nd.—Each Importer or Shipper to make a declaration in writing of the quantity and description of Goods, the number of packages; their weight and value, when the two latter conditions affect the duties.

3rd.—In the event of doubt arising as to the accuracy of these particulars, the same to be supported by the production of any papers or documentary evidence the Consul may see fit to require.

4th.—The Consignees of the Ship to present a collective schedule of the particulars of Cargo and Duties payable on goods and Ship, corresponding with the several declarations of Importers and Shippers in what concerns these, and with the addition of Tonnage dues.

5th.—The amounts thus shown to be due from Importers, Shippers and Consignees of Vessels to be paid into this Office; either in Silver, as they would have had to pay if the Custom-House-Bankers had to receive the Duties, or by the bill of the several parties

payable on demand at forty days sight in Shanghae to the Chinese Superintendent of Customs provided the sanction of H.B.M.'s government to that effect be received.

6th.—These preliminaries arranged to the satisfaction of H.M.'s Consul the Consignees will receive on application the Ship's papers and a Port Clearance under the Consular Seal, after delivery of which the vessel will be at liberty to leave the Port.

(signed) RUTHERFORD ALCOCK,
Consul.

TO THE BRITISH COMMUNITY,
SHANGHAE.

Notification of 9th September 1853 by Mr. Edward Cunningham,
U.S.A. Vice-Consul at Shanghai, introducing
Provisional System.*

UNITED STATES CONSULATE,
SHANGHAE, 9th Sept. 1853.

The undersigned gives notice to American citizens, and to consignees and shippers by American ships that in consequence of the breaking up of the Chinese Custom House for foreign trade at this port, and the absence of any recognised Authority for the collection of duties, he considers it necessary in the performance of his obligations under the Treaty of the United States with China, to take some measures by which the Customs through American shipping during the interregnum shall not be lost to the Chinese Government. For the grounds of this decision he refers them to Article II of the Treaty between the United States and the Chinese Empire which provides that "Citizens of the United States resorting to China for the purposes of commerce will pay the duties of Import and Export prescribed in the Tariff, which is fixed by and made a part of the Treaty."

This plain declaration made without reservation or proviso of any kind is in force as long as the Treaty exists under any circumstances.

* N.C.H., No. 164, 17th September 1853. "United States Foreign Relations," 1853: Marshall to Marcy, 26th November 1853.

He therefore now publishes the following regulations under which, and under which alone, he will give up ship's papers without the production of the Grand Chop, when ready to depart, and he recommends to all consignees of American vessels to make it a condition when letting out freight to hire that these regulations shall be strictly submitted to, as a refusal on the part of any shipper would undoubtedly result in the detention of the ship.

He has pleasure in saying that this step has the entire approval of H.E. Mr. Marshall, the Commissioner of the United States, and that the regulations are similar to those adopted by H.B.M.'s Consul.

PROVISIONAL RULES FOR THE CLEARING OF SHIPS IN THE
ABSENCE OF A CUSTOM HOUSE ESTABLISHMENT.

1st.—The consignees of each ship to give into this Office a declaration in writing of all the parties to whom imports have been consigned, and of all those who are shippers of outward cargo.

2nd.—Each importer or shipper to make a declaration in writing of the quantity and description of goods, the number of packages, their weight and value when the two latter conditions affect the duties.

3rd.—In the event of doubt arising as to the accuracy of these particulars, the same to be supported by the production of any papers or documentary evidence the Consul may see fit to require.

4th.—The consignee of the ship to present a schedule of the particulars of cargo and duties payable on goods and ship, corresponding with the several declarations of importers and shippers in what concerns these.

5th.—The amounts thus shown to be due from importers, shippers, and consignees of vessels to be paid into this Office, either in silver as they would have had to pay if the Custom House Authorities had received the duties, or by the bill of the several parties payable on demand after forty days' sight in Shanghae to the Chinese Superintendent of Customs.

(signed) EDW. CUNNINGHAM,
Vice-Consul, U.S.A.

TO THE UNITED STATES CITIZENS, AND CONSIGNEES,
AND SHIPPERS BY AMERICAN SHIPS, SHANGHAE.

Notification of 24th October 1853 by Mr. Edward Cunningham,
U.S.A. Vice-Consul at Shanghai, recognizing floating
Custom House established by Taotai.*

UNITED STATES CONSULATE,
SHANGHAE, Oct. 24th 1853.

Under the instructions of H.E. Mr. Marshall, Commissioner of the United States, the undersigned has addressed the accompanying letter to the Taoutae Woo, collector of Customs, etc., requesting an immediate answer to a former letter, acknowledging the right of Woo to collect the Imperial duties from American vessels and requesting to know the locality where the Custom House officers would be established for the transaction of business.

The undersigned circulates the letter for the information of his countrymen, and has to inform them that the provisional regulations will cease on the morning of the 28th, before which time he hopes to have the pleasure of informing them of the re-establishment of the Chinese Custom House and the locality chosen for that purpose.

They will observe by the letter to Woo, Taoutae, that vessels already partly laden will have the option of clearing under the provisional regulations, or through the Custom House, and in order to give effect to this provision he recommends that all consignees of such vessels should give notice of the fact to him prior to the morning of the 28th.

(signed) EDW. CUNNINGHAM,
Vice-Consul, U.S.A.

SHANGHAE, Oct. 24th 1853.

I have as yet received no communication from you in answer to my last letter requesting you to indicate the locality where your officers would attend to the collection of Foreign Customs.

You are of course aware that the provisional arrangement established by me with the sanction of His Excellency the Commissioner of the United States was only to cover a sudden emergency, and that it was by no means contemplated to make the United States officers collectors of the Imperial Revenue for any

* N.C.H., No. 171, 5th November 1853.

time beyond the short space required for the Imperial Officers to re-establish themselves with sufficient force to carry on their duties without danger of interruption.

That time has passed; you are here with a military power strong enough to give you security; the Viceroy has notified the United States Commissioner and you have notified me that you are ready to renew your functions.

I cannot any longer retain the responsibility of acting for you, especially as the danger would be incurred of giving grounds for a supposition that the United States Authorities would at any time undertake the care of the revenue from American commerce, whenever circumstances rendered it inconvenient or impossible for the Emperor's officers to perform their duty.

This was never contemplated in taking the recent steps, the only object being to give time to recover from an unforeseen and unexpected emergency.

I have therefore now to say that I consider the time has come for me to notify my countrymen that the provisional arrangements have ceased, and that they must perform the Custom House business with your officers wherever they are to be found.

I shall delay their revocation for three days to give time for your answer, which I trust will indicate the place where the business can be transacted.

As it seems just that those who have commenced to load their ships under the provisional regulations should not be placed at disadvantage with others who have just despatched theirs, I shall allow such ships as are partly loaded the option of clearing under the said regulations, or through your Custom House, but for all others and for them also if they choose the latter course you must depend for the collection of their duties upon your own efforts.

(signed) EDW. CUNNINGHAM,

Vice-Consul, U.S.A.

To Woo, TAOUTAE, etc., etc., etc.

UNITED STATES CONSULATE,
SHANGHAE, Oct. 28th, 1853.

The undersigned begs to inform the consignees of American vessels that he has been notified by the Taoutae Woo that for the present, the officers for the collection of Customs will be found on board the two Chinese men-of-war boats anchored off the point opposite the foreign settlement, and the said boats will hoist the Custom House flag.

(signed) EDW. CUNNINGHAM,
Vice-Consul U.S.A.

Letter of 29th October 1853 from Monsieur B. Edan, Vice-Consul
for France at Shanghai, to certain Shanghai merchants
authorising Entry and Clearance of French
vessels free of Duty.*

FRENCH CONSULATE AT SHANGHAE
AND NINGPO, NORTH CHINA,
SHANGHAE, 29th Oct. 1853.

GENTLEMEN,

I have the honour to acknowledge receipt of your letter of this day in which you ask me "supposing you had occasion to ship merchandize on board French vessels, do I recognize any Chinese Custom-house, and if so, where is it situated."

In the first place allow me in excuse for conventional reasons that you will appreciate, I am sure, Gentlemen, the silence that I have maintained on the question up to the present hour, that occupies at present several of my honourable colleagues more competent judges than I am on this subject. As much by their intelligence and experience as by the importance of the interests engaged, for in truth, the difficult task of decision in this case devolves upon them.

Now in answer to your application the same reserve is no longer permitted to me: here then is my answer.

* N.C.H., No. 172, 12th November 1853.

The Chinese Custom-house, the only one that I recognize at Shanghae, *having been destroyed by the natives themselves*, until it has been re-established and an authority to accept the receipts in conformity with the Treaty, has been replaced and recognized, I consider myself fully at liberty to allow the entry and despatch of the ships of my nation free of all duties.

Accept, Gentlemen, the assurance of my high consideration.

(signed) B. EDAN,
Consul par interim.

To MESSRS. AUGUSTINE HEARD & Co.,
BULL, NYE & Co.,
SMITH, KING & Co.,
WETMORE & Co.

Notification of 28th November 1853 by Mr. Rutherford Alcock,
H.B.M. Consul at Shanghai, refusing to recognize
floating Custom House established by Taotai.*

SHANGHAE, 28th November 1853.

Alcock, Consul makes this communication:—

Referring to your letter of the 26th October and my reply of the 1st November respecting the establishment of a Provisional Custom House afloat in two boats, and your request that the transaction of Customs business in respect of duties on board of these, for the time being, might be sanctioned. I have now received the instructions of His Excellency, H.M.'s Plenipotentiary in China, and I am to state that until a *bona fide* Custom House be formed with a proper Establishment for carrying on the business of the Port, as well as for the protection of goods in process of being landed and shipped; His Excellency does not himself consider you entitled to demand any duties, but as the question is a most important one it has been forwarded for the consideration of Her Majesty's Government.

In the meantime means having been taken by the Provisional Rules established immediately after the capture of Shanghae to secure the payment in full of all duties on British ships loading or

* N.C.H., No. 175, 3rd December 1853.

unloading from that date and without ultimate prejudice either to the Custom-house or merchant should it finally be decided that the Chinese Government are entitled to claim them. I have to inform you that these Regulations will continue in force, and be strictly adhered to.

I take this opportunity while writing on the subject of duties to acknowledge your official communication of the 27th instant respecting the passage and protection of goods to and from the interior during the present disturbed state of the Province.

I understand you to inform me that their Excellencies the Governor-general and Governor having instructed you the Honble Taoutae that two Guard Stations North and South have been re-established as places at which merchandize may be re-examined, all such cargoes (as would ordinarily pay duties) at the Maritime Custom-house, must when passing a land barrier or western station of the (inland) Customs be accompanied by a document from you the Superintendent of Customs, under authority of which examination may be made and goods allowed to move on without obstruction. And that in like manner British merchants having Shirtings, Woollens, etc., to send up to Soochow or other places for a market may, on application to you through the Consulate, obtain a certificate or pass from you which will serve in a great degree to protect such goods from inconvenience or detention.

To this provisional arrangement as a means of facilitating the transmission of goods to and from the Coast under existing circumstances I make no objection—it being clearly understood that the necessity of obtaining and exhibiting such certificates shall not be made the pretext for levying contrary to Treaty either Maritime duties or extra charges of any kind at the various guards or stations upon the goods in the interior,—and with this understanding I shall make known to the merchants of my Country the orders conveyed to you by their Excellencies the Governor-general and Governor together with the steps necessary to obtain the said passes in conformity therewith.

A necessary communication.

(signed) RUTHERFORD ALCOCK,

Consul.

To Woo, TAOUTAE, etc., etc., etc.

True copy, W. H. FITTOCK.

CHINESE CUSTOMS SERVICE:

Notification of 20th January 1854 by Mr. Edward Cunningham,
U.S.A. Vice-Consul at Shanghai, authorising Entry and
Clearance of American vessels free of Duty.*

UNITED STATES CONSULATE,
SHANGHAE, *Jan. 20th 1854.*

The undersigned has to communicate to the American Citizens resident at Shanghae that he has received instructions from H.E. the Commissioner of the United States to China to deliver up the papers of American vessels on their leaving port without requiring the production of the Chinese Custom-house clearance, as long as vessels under other foreign flags are allowed by the Chinese to enter and leave port without reporting and paying duties at the Custom-house as is at present the case.

The moment the Custom-house regulations are enforced upon all foreign vessels, a return to them will be required upon the part of those under the American flag.

This step is founded upon the right to claim every advantage enjoyed by the most favoured nation secured to United States citizens by Article II of the American Treaty with China.

(signed) EDWARD CUNNINGHAM,
Vice-Consul, U.S.A.

TO AMERICAN MERCHANTS
RESIDENT AT SHANGHAE.

**Letter of 30th January 1854 from Mr. Rutherford Alcock, H.B.M.
Consul at Shanghai, to H.E. Woo Chien-chang, Taotai at
Shanghai, asking when proper Custom House
would be established.***

BRITISH CONSULATE, SHANGHAE,
30th January 1854.

SIR,

Upon Your Excellency's return to Shanghae with the Imperial troops early in October, you acquainted me that you were authorized by Their Excellencies, the High Provincial Authorities, to collect duties under the seal of the District-general of Grain Transport for Chang-chow.

On the 12th you applied to me for arrears due on certain British ships which had nearly loaded on the 7th September when the City was taken, and proposed that I should undertake the collection of those accruing since that date on your behalf.

I informed you that on the dispersion of the Customs Establishment I had drawn up Provisional Rules by which British merchants were required to assure me of the amount of their import and export duties, and to guarantee payment of the same, and that these had been referred through H.E. the Superintendent of Trade to H.M.'s Government, and until its sanction should be received no arrears of duties could be paid. I signified at the same time my readiness to recommence correspondence on the Duty question as soon as the City should be retaken and Custom-house Establishment fairly re-instated.

Your Excellency reiterating your application for the arrears, I particularly explained to you in my letter of the 18th that it had become a question the British Government could alone decide whether British subjects were or were not obliged to make payment under circumstances that had prevented you from affording their lives and property protection, and their trade security against unequal competition, such being amongst the more important conditions on which the Emperor's right to levy duties had by Treaty been made contingent.

I may here remark that Your Excellency's re-occupation of the Custom-house heretofore in use, situated as it is in the heart of our Settlement, would have been impossible for two reasons. The

* N.C.H., No. 184, 4th February 1854. F.O. 228/176: Alcock to Bonham, despatch No. 10, 2nd February 1854.

admittance of your authority would have utterly negatived those measures of self-defence which we had been most unwillingly compelled to adopt, while the support of Your Excellency with an armed force of our own in the midst of the foreign settlement would have been no less inconsistent with the spirit of neutrality we have been strictly enjoined to observe in the present struggle.

A Notification to the effect that the Provisional Rules heretofore in force would cease from the morning of the 28th October having been issued by the U.S. Consul, I received on the 1st November Your Excellency's letter, dated the 26th October, proposing to collect duties on board two boats in the river, but on referring this arrangement,—which I could not regard as a *bona fide* re-instatement of the Customs Establishment,—to H.E. the Superintendent of Trade, I was instructed to say that the Custom-house afloat could not be recognised, but the Provisional Rules would still continue to be acted upon until the pleasure of H.M.'s Government should be received.

These instructions have now arrived, and in substance declare that although it was doubtless becoming to refrain from even the semblance of taking advantage of the distress of a Foreign Power with whom Great Britain has a treaty of amity, full sanction of the steps which, with this principle in view, I have been taking to protect in some sort the Imperial Revenue, can be accorded only on the conditions, first, that the abeyance of the Custom-house Establishment be no more than a temporary evil, and secondly, that the vicarious reservation made by me of the duties upon British trade shall have been equally secured upon all those accruing from the commerce of other nations.

In other words, I am not as British Consul to continue collecting the duties for the Chinese Custom-house for an indefinite period; no such responsibility being imposed at all by Treaty, and the attempt having been found to be attended with serious difficulties. Nor are British merchants to be required, unless the trade of other nations since the capture of Shanghae be shown to have been equally taxed, to make payment of the duties ordinarily leviable.

As regards the past, therefore, I must request you to ascertain and inform me whether the Representatives of other Foreign Powers under whose sanction ships have traded since the 7th September are willing and able to call on shippers to make payment in fitting time for the accruing duties under their respective flags, that I may make my report to H.E. the Superintendent of Trade.

With respect to the future you will perceive that I am not authorized to continue the Provisional Rules for a period of indefinite length. They have now been in operation for nearly 5 months, and it is therefore my duty to request you to state how soon you will be enabled to re-establish the Custom-house in a fitting locality, and on the footing provided by Treaty, that business may be resumed and duties paid as heretofore without further question.

Accept, etc., etc.

(signed) RUTHERFORD ALCOCK,
Consul.

To His EXCELLENCY Woo, TAOUTAE, etc., etc., etc.

A true copy, W. H. FITTOCK.

Joint Consular Notification of 9th February 1854 on the establishing
of a Custom House on the Soochow Creek.*

NOTIFICATION.

BRITISH CONSULATE, SHANGHAE,
8th February 1854.

In reference to Notification No. 5 of the 2nd instant H.M.'s Consul hereby gives notice that the re-establishment of the Imperial Custom-house at this Port having been determined upon by the Chinese Authorities business will commence on the 9th instant in the building temporarily occupied as a Custom-house on the North side of the Soochow Creek.

The annexed communication from the Consular Representatives of the Three Treaty Powers to His Excellency Woo Taoutae formally recognizing the Custom-house Authorities at the provisional office is circulated for general information.

(signed) RUTHERFORD ALCOCK,
Consul.

TO THE BRITISH MERCANTILE
COMMUNITY, SHANGHAE.

* N.C.H., No. 185, 11th February 1854.

SHANGHAE, 6th February 1854.

To HIS EXCELLENCY Woo,

Superintendent of Maritime Customs, etc., etc., etc.

The undersigned representing at this Port the Three Powers possessed of Treaties with China are in receipt of Your Excellency's communications addressed to them individually announcing the establishment of a temporary Custom-house on the North side of the Soochow Creek, at which business is to commence upon the 9th instant.

The undersigned have agreed to acquaint Your Excellency simultaneously and in the same terms of their perfect readiness to recognize this Custom-house upon the understanding that its surveillance is equally to affect every vessel of every nation, whether a Treaty Power or otherwise. While therefore they give notice to the merchants amenable to their several jurisdictions that the Customs business of all ships, entering the port after the 9th instant will be settled at the provisional office on the Creek, and that this arrangement will continue in force until the recapture of Shanghae enable Your Excellency to reopen the Custom-house heretofore in use:—they must request you to call on all others whom it may concern to observe the same rule.

(signed) RUTHERFORD ALCOCK,
H.B.M.'s Consul.

EDAN,
Consul de France ad interim.
EDW. CUNNINGHAM,
Vice-Consul, U.S.A.

True copy, W. H. FITTOCH.

Memorandum by Mr. Thomas Francis Wade on the Provisional
System at Shanghai.*

BRITISH CONSULATE, SHANGHAE,
1st May 1854.

SIR,

In accordance with your instructions I have reperused the whole of the Chinese and other correspondence bearing on the Duty question, since the capture of the City of Shanghae; and now beg to submit to you a memorandum of the evidence on which Woo, Taoutae, appears chargeable as Superintendent of Customs with the existing confusion of that Department at this Port.

1.—Understanding the review you have desired me to make of the question, to have for its object the enlightenment of the Higher Authorities, upon the short-coming of their subordinate, I take on me to suggest that any detail of the difficulties now besetting the Duty question at Shanghae, should be prefaced by an explicit statement of the real extent of the control and protection assumed under Treaty by the Consuls of the Three Treaty Powers over their countrymen, as regards collection of duties by the Chinese Government. It is constantly implied by Woo that the duty of detection and seizure, in cases of smuggling, rests with the Consul, who in the more active sense of the term is under no treaty, a detective officer. Even the partial obligation laid on the British Consul by Article XII of the Supplementary Treaty, to assist the Chinese Government in such a capacity, was cancelled by the instruction of the Secretary of State for Foreign Affairs, formally communicated to the Imperial Commissioner, and the Authorities at the Five Ports in 1851; and this because experience had proved that as the latter at Shanghae in particular, paid no attention whatever to the prevention or punishment of smuggling in cases brought to their knowledge, under the above treaty provision, by the British Consul, the interference of that Officer without accomplishing any other object simply procured him the invidious distinction of attempting to enforce on his countrymen restrictions from which the subjects of other Powers were comparatively exempt; and at the evasion of which by any individual the Chinese persisted in conniving. But no Consul appears ever to have declined supporting Chinese Authority exerted to prevent or punish smuggling, and in the latter period of which we are about to treat, the Taoutae received the strongest assurances of the British Consul's support.

* F.O. 228/176: Enclosure in despatch No. 45, Alcock to Bowring, 23rd May 1854.

On the other hand, in the matter of protection, the Consul holds himself bound not to pass unnoticed any act, be it of commission or omission, on the part of the Chinese executive, by which the trade of his countrymen can be shown to be taxed unequally; be it as compared with the trade of other nations, or with that of individual members of their own community.

2.—The Taoutae Woo has been Superintendent of Customs at Shanghae for some four years, during which smuggling has considerably increased; one of the chief causes being that he has never possessed an establishment equal to the task of collection. The present disorder of the local revenue derives much no doubt, from the capture of the city, and it may not be out of place to remark that this event was due directly to the imbecility of Woo Taoutae. From clannish inclination to the Cantonese, and from a peculiarly Cantonese aversion to foreigners, he supported both Cantonese and Fokien men against the Foreigner, until their violence outreached his control. Towards the end of August he made a last feeble effort to overawe them, which they met by a petition to become the salaried police of the city. He was fully cognisant of the treasonable character of their confederacy, but he yielded at once, and in less than a week they took possession of Shanghae, murdered the Magistrate, and made a prisoner of Woo himself, who was indebted for his escape to the direct aid of foreigners. His Seals were taken, and his Custom House, situated in the Foreign Settlement, all but demolished, when for the security of the houses in its vicinity, it was occupied by a British Guard.

3.—There were at this time, 7th September,—besides a few under other European Flags—ten British and eleven American vessels in port, the cargoes of which had been more or less completed. To release these last and such others as might come into Port before an Imperial Custom House could be duly reinstated, the British and American Consuls drew up Provisional Rules, compelling shippers and consignees to make declaration, in kind and quantity, of their exports or imports, and to tender a guarantee for payment of duty. These were transmitted to the Home Governments of the two nations through their respective Representative Ministers for approval. A single Prussian vessel sailed at once without declaration, and guaranteeing only such duties as the Chinese Government might be enabled to prove against her. Several Sugar junks also left the port: it is believed without any payment of duty.

4.—On the 10th of October, Woo announced that he was duly authorized by the High Authorities to collect duties under a Provisional Seal: and this announcement was closely followed by an

application for duties on the British and American ships in harbour at the time that Shanghae was taken. No payment however was made by either Consul: the question whether the Chinese Government under the circumstances was entitled to these or duties since accruing, having been already referred home.

5.—His presence with an armed force and provisional powers appearing to the United States Authorities to warrant a termination of the Provisional System, the United States Consul called upon Woo to provide a Custom House. He appears to have replied on the 26th October appointing two armed boats, anchored abreast of the British Consulate, as his receiving office. On the 1st November he circulated the letter dated as above, amongst the other foreign Consuls by none of whom, however, was his floating Custom House recognised. The British Consul in particular replied that in his doubt as to whether such an establishment could be considered a *bondá fide* reinstatement of a Custom House, he should apply to H.E. H.B.M.'s Plenipotentiary for instructions. To H.E. it appeared as unsatisfactory as to H.B.M.'s Consul, and pending a reference to H.B.M.'s Government, the Provisional Rules were to continue in force as regarded British Subjects. To meet what would otherwise have inflicted an inequality on the Trade of American citizens, the Taoutae consented to accept their bond in lieu of cash payments, for the time being; and although from a slight misunderstanding in the U.S. Consulate, the securities continued for some time, to be deposited in that office, instead of in the Taoutae's hands, it will be just to the history of the case to state, that up to the 20th January, the duties on British and American Trade were not settled in cash, but by the tender of paper securities.

6.—The conditions of these however, were not, even from the first, identical: the first British Bond given expressly making the Home Government's sanction of the Provisional Rules the condition of payment under it. Still the American bond, though containing no such limitation, appears to have been accepted in the same spirit during the action of the American Provisional Rules: but again there is good reason to believe that the bonds subsequently given to the Taoutae, were in terms less stringent than those required under the Rules by the Consul.

7.—Meanwhile the floating Custom House disappeared and reappeared at intervals. One Austrian and various Asiatic craft, responsible to no Consular Authority, left the Port without paying duties, and unnoticed in any way by the floating establishment. These facts are now made, in part, a plea by foreign merchants

against the Chinese Government's claim to any duties guaranteed by them during a period that it proved itself unequal to the prevention of their evasion by the subjects of other nations, whose trade is in direct competition with their own. In view of a similar principle, and resting particularly on the case of the Austrian vessel, the U.S. Consul under instructions from H.E. the U.S. Commissioner, declared, on the 20th January, that no more duties would be accounted for to the Floating Custom House; in other words that the Port was free to American shipping. This measure, which was simply prospective, has been misunderstood by Woo Taoutae, who under the impression that the duties previously guaranteed are hereby confiscated, loudly complains that produce which would otherwise have been diverted to other ports, had been allowed to come down to Shanghae on the faith of the late U.S. Commissioner Colonel Marshall's assurance, conveyed to the Governor General of the Two Keang, that the duties would be protected by the Provisional Rules.

Declarations and guarantees continued to be received on British Shipping up to the 9th February, and the actual disparity between the obligations of the British and American Shipper dates solely from 20th Jan., when the port became free to American Shipping to that day. I say *actual* because from the moment the Chinese Government commenced receiving paper under which duties are not recoverable, none could be demanded of other parties, giving less conditional security but protected by Treaty from inequality of taxation.

8.—It should be mentioned that on the 14th January, the British Consul had drawn Woo's attention to the rumour that duties were being evaded by vessels loading at Woosung; an act which he, the Consul, had no staff to detect or power to prevent; and which if unnoticed by the Chinese Authorities, would render the provisional rules inoperative to their intended end, and unduly distressing to the British trader conforming to them. Woo replied complimenting the Consul upon his vigilance and proposing that all ships entering should be ordered by the British Consul to show their manifests either at Woosung or on board the "Agnes," a foreign vessel owned by him, and anchored off the Settlement; in which case he would send linguists to supervise the discharge of cargo: their return of import duties to be filed at the Consulate, and for exports a bond handed to the Consul, to be by him reported to Woo, and by Woo to the High Officers, who would credit it to the Government account accordingly.

9.—The almost immediate receipt of the British Government's instructions, and the proposals thereon consequent prevented any particular notice of this suggestion; but the correspondence is worthy of remark, as exposing the laxity of the Chinese Officials on their side in spite of the gratuitous intervention, in behalf of Chinese interests, of the Foreign Consul.

10.—On the 30th January under instructions transmitted through H.B.M.'s Plenipotentiary from the Foreign Office, a letter was addressed to Woo, by the British Consul, informing him that the British Government could sanction the Provisional Rules only on condition that their operation was to be for a limited period, and to affect all nations alike; for the past therefore he was to ascertain whether the Representatives of Foreign Powers were able to recover duties for him on the ships of their flags; and for the future, he must find a Custom House without delay.

11.—Having received intimation of his intention to make a provisional Custom House on the North side of the Soochow Creek, on the 6th February, the Consuls of the Treaty Powers, viz: Great Britain, America, and France, addressed a joint letter to Woo, assuring him "of their perfect readiness to recognise the Custom House upon the understanding that its surveillance was equally to affect every vessel of every nation, whether a Treaty Power or otherwise."

12.—Business commenced at the above office on the 9th February, and on the same day, Woo wrote to Mr. Consul Alcock to complain that some 2000 Bales of Silk and 8000 boxes of tea were waiting on board native and foreign craft at Woosung, ready to be sent out of port duty free. He appealed to the Regulations of Trade Article XI, of which he stated this was in breach. Still unwilling to confiscate, he requested the Consul's advice. This produce was the property of British and American firms, and had been carried out, before the Custom House was open, beyond what are assumed to be the limits of the port, to escape the duty. On the part of the Americans this act was defended under the U.S. Consul's Notification of the 20th January, making Shanghae a free port to American trade.

13.—Without entering into national distinction of property, Mr. Alcock replied that the Supplementary Treaty with Great Britain Article IV, and the United States Treaty Article III, provided amply for the difficulty; and he warned Woo that if the produce specified were to leave Woosung duty free, British holders of produce

in Shanghai would undoubtedly complain. Before this letter could be sent, Woo's searchers attempting to examine the junks containing the produce in question, were beaten and one of them captured. He reported this to the Consul, who immediately enquired into the truth of the complaint: and having ascertained that the party accused was not the culprit, signified his readiness to punish the real offender, and requested Woo to produce his evidences. This was pressed on him not only by letter, but by a verbal message; still he took no further steps in the matter.

14.—On the 13th February he wrote that he had applied to the then U.S. Consul, Mr. Cunningham, partner in the firm of Russell & Co., for an account of produce shipped for that house in certain junks at Woosung, but that the contents of these could be ascertained by his tidewaiters; he had not similar access to the "Folkstone," "Ann Welsh," and "Emily Jane," and would thank the British Consul accordingly to make enquiry for him, or to give his searchers an order to board and examine. Mr. Alcock's reply of the 16th February declared his inability to furnish him with complete information, though certain details respecting two of the three ships were communicated to him, and it distinctly warned him that the responsibility of detection belonged entirely to the Chinese, and that it was for the Consul to come forward only when lawful authority was resisted. Woo replied, on the 18th, urging that though it lay with him to search the native craft, containing produce as above, it would be much more satisfactory for the Consul to act in regard to foreign vessels; or if he declined to do so to give his, Woo's, subordinates a searching order. On the same day, in another note, he stated incidentally that Mr. Cunningham had referred the question of payment on the promissory notes to the U.S. Government, and on the 1st March, that his correspondence with that gentleman was suspended by reason of his absence.

15.—On the 26th February he visited H.B.M.'s Plenipotentiary, Sir George Bonham, at the British Consulate, and was especially warned by H.E. that if evasion of duties were tolerated by him, the interest of the British Merchant must be protected at the expense of his receipts. The "Aristides," a Bremen ship, had just come in and he was asked what arrangements would be made respecting her.

16.—On the 27th and 28th, notes were sent to ask him under what terms the "Wild Duck," an American Vessel, had left Woosung with cargo; but for the time he gave no farther reply than that he was in correspondence with Mr. Cunningham on the subject. This is particularly to be noted as a specimen of his unfairness of dealing.

He had accepted a very loosely worded bond (of which the British Chamber of Commerce had obtained a copy,) and he was of course alarmed lest a like immunity from cash payment should be claimed by British Merchants.

17.—On the 1st March, Woo commenced a correspondence respecting the "Aristides" and the "Dannebrog," a Danish vessel. The British firm Reiss & Co. had reported the "Aristides" on the 22nd February, and Gibb Livingstone & Co. the "Dannebrog," on the 28th. The consignees or charterers being British, the British Consul should have reported the ships. Neither Bremen nor Denmark has a Consul at the port: if the British Consul will not take cognisance of these vessels, they must abstain from trade until he, Woo, can apply to the Imperial Commissioner for instructions. In the meantime he begs Mr. Alcock to advise him. Mr. Alcock the same day referred him to the usage heretofore obtaining at Shanghae—Foreign vessels were always reported through some Consul or other. It was for the Customs' Officers to prevent vessels not so reported, discharging and loading. Woo had stated in person (the day before when paying a visit during which, in answer to his own enquiries, the proper course to pursue was set before him with equal plainness), that Mr. Withington of Reiss & Co. had declared himself ready to pay the duties inward, and it was now for Woo himself to see that the duties were paid on the outward cargo: Thus much for the "Aristides." Mr. Alcock, as Danish Consul, could himself take cognizance of the "Dannebrog." It subsequently appeared that the bulk of the "Aristides'" import duties were paid in Canton duty receipts, forwarded with the ship; for the balance which was small, Woo accepted not cash but a bond of most liberal conditions.

18.—On the 7th March, Woo wrote again regarding the "Aristides." When she had been first reported by Mr. Withington's compradore the Custom House had mistaken her nation, Bremen for Birmah, a dependency of China, hence her apparent irregularity. The Regulations of Trade requiring that all ship's papers should be lodged with some Consul, and that before discharging or loading, they should be reported by a Consul. Mr. Withington ought, by rights, to have applied to the British or some other Consul. Woo himself has already requested Mr. Alcock, as British Consul, to take cognisance of the ship, and has written privately to Mr. Withington. The Customs now report that G. C. Schwabe & Co. are loading the "Aristides," and Reiss & Co., her original charterers, being applied to through a linguist, say they are only responsible for her import cargo; while G. C. Schwabe & Co., when desired to depart through

a Consul, ignore any obligation so to proceed. Thus a Bremen vessel is loading without a Consul, contrary to treaties binding on other nations. Woo must report this to the Commissioner and the Governor General. He is now writing a note to G. C. Schwabe & Co., and recommends the British Consul to consult with that firm and come to some satisfactory arrangement.

19.—On the 9th March, Woo came to the Consulate, and Mr. Alcock's reply was put in his hands. It shewed him that a ship loading without permission was herself responsible for all consequences; that it rested entirely with Woo Taoutae himself to carry out the provisions respecting goods thus shipped without authority. It also pointed out the official irregularity of opening communications direct with merchants, and of his suggestions to the Consul,—(who could only decide on what he conceived his duty)—to attempt *arrangements* with the parties concerned in the case. All this was also urged upon him verbally during his interview with the Consul.

20.—He now appears to have applied to Mr. King, the Prussian Consul, to take cognisance of the "Aristides," and to have been told by that gentleman that he would do so, *if the consignee should apply to him*. No consignee however did apply to him, and the vessel was never reported through any Consul: she continued to load notwithstanding.

21.—But Woo had already entered into private negotiation with Mr. Trautmann, managing partner of the firm of G. C. Schwabe & Co., first, through his Custom House linguist, a Singaporean Chinese, and also through the Sailing Master of one of his foreign vessels employed in the War Service of China; and lastly, in person at Mr. Trautmann's house, each party having a witness present. Mr. Trautmann insists, and there is no reason to doubt his asseveration, that though repeatedly pressed to place the ship's papers in some Consul's hands, he refused to do so; that in answer to the Taoutae's enquiry why he was persisting in a course so irregular, he explained that it was with a view to defend himself against the loss inflicted on his trade, by the evasion of duties tolerated by the Taoutae in the case of the "Wild Duck" and other vessels, loaded by merchants competing with himself; that he finally agreed to settle for duties on 2500 piculs cargo, which was to be accepted as the full cargo of the ship, and that the only condition of which the Taoutae was tenacious, was that the duty papers should be tendered and the Grand Chop requested through a Consul; manifestly to stifle enquiry by an appearance of regularity.

22.—This interview took place on or about the 10th March, and on the 17th Mr. Trautmann obtained from the Custom House his memorandum for Duties on 12364 packages of Tea, which he called as per agreement, 2500 piculs, or something less than one half the actual cargo. His application for this memorandum states plainly that, the memorandum obtained, he "will send his Promissory Note for 6250 Taels to Mr. D. O. King, the Prussian Consul." The memorandum was duly forwarded to him, and the duty papers relating to the imports of Reiss & Co. and the exports of Mr. Trautmann, were enclosed to Mr. King, then for the first time made aware that these papers were to be transmitted through him. Mr. King having had no previous notice, in his official capacity, of the vessel's proceedings, declined "to furnish a precedent for the settlement of duties by Consuls upon the cargoes of vessels of which they know nothing," and returned the papers to Mr. Trautmann; who forwarded them on the 18th March to Woo with a note of explanation.

23.—The promissory note had in it a clause rendering payment obligatory on the condition only that eight vessels, then in harbour, should pay at least such and such rates of duty on full cargoes, and these specifications of the note are, doubtless, the only part of the agreement with which Woo Taoutae was not previously acquainted.

24.—The "Aristides" meanwhile sailed without her Grand Chop on the morning of the 18th, the community being generally cognisant of the irregularities connived at in her case, though not of the exact nature of the compromise. On the report of the case H.B.M.'s Consul wrote to require, once more, the particulars of the "Wild Duck's" clearance, and especially a copy of the bond known to have been given for her duties; also secondly for similar information respecting the "Helena," an American ship, which had quitted Woosung since the recognition of the Custom House on the Soochow Creek:—thirdly, a British Vessel, believed to be the "Sir Edward Ryan," which had never been in port, and had sailed from Woosung with a full cargo on the 9th March; and lastly, the "Aristides."

25.—On the 20th Woo wrote, ostensibly not in answer to the above, referring to Mr. Alcock's notes of the 27th, 28th Feby. to say that Mr. Cunningham had applied to the U.S. Commissioner touching the "Wild Duck," but that the "Helena" had entered on the 19th February, and cleared out paying her duties on the 2nd March:—that no ship had *entered* the port but the "Aurora"—and that as to the "Aristides," the Prussian Consul had expressed his readiness to take cognisance of her; that she had duly closed

her account; and had applied for the Grand Chop about the 18th inst. The first and third answers being in some sort truths, were the best calculated to mislead.

26.—The same day, 21st, the Grand Chop was sent to Mr. Trautmann, dated the 21st. The following day Woo called at the British Consulate, when notwithstanding his own assertions to the contrary, his linguist stated in his presence that Mr. King had only undertaken to report the ship, *if he were applied to*, and that the Grand Chop had been issued to Mr. Trautmann by his, Woo's, express authority, three days after the ship's departure.

27.—The consignees of the "John Wood," then about to clear, having been enabled to put the British Consul in possession of the facts of the case, applied to be allowed to clear on conditions equally favourable; and this was insisted upon by the Consul. Woo came to the Consulate to explain and proposed as a solution of the difficulty, that if the consignees of the "John Wood" were allowed the same terms as the "Aristides," the American Consul was not to be informed of it. He subsequently entered into lengthy explanations by letter; his only remarkable averment being that the Grand Chop was issued, not by his authority, but during his illness by a mistake of the linguist; but this was denied before his face by that functionary, who farther published a statement in the North China Herald to contradict Mr. Trautmann's account of the negotiation, which however it confirms in its more important details.

28.—The correspondence above reviewed will show that every possible effort was made to prevent the Taoutae from providing a plea, by his own inefficiency or corruption, for the withdrawal of the support promised him, conditionally, in the letter addressed him by the Consuls of the Three Treaty Powers on the 6th February. Mr. Murphy, Consul of the United States, announced his assumption of office on the 6th March, and, in the absence of his predecessor, proceeded simply upon the Treaty, without reference to the past. The first ship cleared by him, the "Mandarin," accordingly sailed on the 22nd, having paid full duties in Sycee. The case of the "Aristides" then becoming public, the usage tolerated on her behalf, by the Custom House, has been since made the rule for the clearance of American vessels.

On the 22nd March, Woo proposed under authority of the Governor, instructed by the Imperial Commissioner, that the import duties should continue to be paid by the foreign merchant, but the export duties levied on the native dealer as at Canton:—and on the 25th March, under instructions from the Governor, devised this

time by the Governor General, who complains of the evasion of duties,—that until the recapture of Shanghai, duties should be collected at *Pih tseo keang* and *Min Lang Chin*, two towns inland. The first of these arrangements he appears to intend should be permanent: the second is to terminate with the recapture of Shanghai, when the question may be reconsidered. It is singular that his instructions, in both cases, are stated to have been *verbally* communicated by the Governor.

30.—The first measure, if persisted in, must divert the trade from Shanghai; there being no internal apparatus here as at Canton which will enable business to be carried on with the understanding that produce is to be brought from a distance to pay duties at the risk of the native owner. This as affects him; but this apart, a ready made staff of linguists, etc., is necessary to ensure the average collection of the revenue. The first measure is practicable at Canton from local circumstances, and the result, (at which Woo is not improbably aiming), would be, here, that produce would be sent to Canton, to the especial detriment of all whose establishments are limited to this Port. As to the second, the great check imposed by Treaty, upon inequality of favor, by the obligation that settlement of duties shall take place at the spot where the Consul, controlling and protecting, is resident, will be set aside: the plurality of establishments must be supported out of the same sources now taxed for the maintenance of the single Custom House at this Port, and apart from legitimate taxation, the power of extortion always in some degree operative, will of course be multiplied; the most probable sequel of such a commencement being the reconstitution of a farming association, such as the Old Cohong. This is the more to be looked for from Woo, whose connexion is purely Hongist, and who feels himself utterly unable to cope single-handed with the difficulties of his Collectorate.

31.—Until he is removed embarrassment must increase, and the only chance of immediately effecting an object so desirable, seems to be in a representation to the Governor General, Eleang, a Manchu. To him it may be explained frankly that the loss of the City and the ills in its train are due to the mismanagement of Woo: that it is possible that a portion of the duties on produce exported since the 7th September may be recovered, but that farther correspondence with the Home Governments of England and America may be necessary: that a Custom House was recognised by the Consuls of the Three Treaty Powers on the 6th February, and cash payments resumed under certain conditions: and that these having been violated by Woo, notwithstanding most gratuitous advice and support

afforded him, in particular by the British Consul, foreign traders have been in justice permitted to take the ground conceded by Woo, out of sheer pusillanimity to one of their body, with whom he had condescended to enter into personal negotiations, otherwise irregular; that he had sought to cover his delinquency, of which the most complete proof existed, by direct falsehood, and that he was now endeavoring, as a shift, to introduce a system for which no apparatus existed on his part, and for which the native mercantile community are in no way prepared, for the collection of duties,—to wit that of Canton; while as a temporary expedient he has not only proposed that a Treaty obligation of great importance should be set aside, but has issued proclamations informing the native merchants that it is set aside with the concurrence of the Foreign Consul.

Finally, the Imperial Government want money, and the Treaty Powers are most anxious that duties should be paid, and if a trusty officer is sent with a fitting establishment, they will do all in their power to have the Treaty exactly observed. Such an officer might find it his interest to employ a foreign establishment.

I have, etc.,

(signed) THOMAS WADE,
Vice Consul.

To RUTHERFORD ALCOCK, ESQUIRE,
H.B.M.'s Consul.

True copy, W. FITTOCK.

Joint Consular Notification of 9th May 1854 protesting against
the collecting of Customs Duties at Inland Barriers.*

NOTIFICATION.

SHANGHAE, 9th May 1854.

The undersigned Consuls of the Three Powers possessed of Treaties with China have to call the attention of those residing under their respective jurisdictions to the annexed translation of a circular from His Excellency Woo Taoutae and upon the abandonment of the Custom-house at this Port, and in lieu thereof the establishment of two in the Interior.

This proceeding on the part of the Chinese Authorities is deemed a violation of Treaty Stipulations, and the proper Authorities will no doubt take steps immediately to arouse the Imperial Government to a full sense of their Treaty obligations. As preparatory thereto, the undersigned have addressed the annexed joint, communication to His Excellency the Taoutae.

In the meantime while the Diplomatic Authorities are representing the facts to the Imperial Government, it is deemed advisable in order to relieve the merchants from some of the present embarrassments to require in addition to the statement which they are now in the habit of making with their Invoices of Cargo and *any evidence which it may be in their power to give of interior exactions, levy of duties, or other irregularities*, in derogation of their rights and privileges as merchants resorting to this Port for the purposes of commerce.

When these requirements shall have been complied with by the Consignee and Shippers to the satisfaction of the Consuls of their respective Countries, in lieu of the specific Bond or note which they are now in the habit of giving, an obligation from the Consignee and each shipper will be taken by which they shall undertake to hold harmless their Consuls and respective Governments from any responsibilities accruing from the departure of the ship without payment of such duties as may be due or owing to the Chinese Government under their respective laws or treaties.

This course it is believed will not only preserve from reproach the integrity of the Three Powers having Treaties with China, but

* N.C.H., No. 199, 20th May 1854.

will cast the onus of Treaty violation upon the Chinese Authorities and tend to preserve the trade of this Port from serious interruption.

(signed) RUTHERFORD ALCOCK,
H.B.M.'s Consul.

R. C. MURPHY,
Consul, U.S.A.

B. EDAN,
H.I.M.'s Consul ad interim.

TO THE FOREIGN COMMUNITY,
SHANGHAE.

Woo, Superintendent of Maritime Customs, Intendant of the Soo-Sung-Tae circuit, etc., etc., etc., makes a communication:—

I have had the honor of an interview with the Governor of the Province, in which His Excellency stated that he was in receipt of a note from the Governor-General to the following effect—The city of Shanghae not having been as yet retaken, certain lawless merchants are at the present time in the habit of evading the duties. This abuse, it is seriously to be feared will be carried to a yet greater extent, and if the evasion of duties be allowed to continue even one day longer, and the Superintendent of Customs thereby forced into discussions with the officials and merchants of different nations in regard to the duty question, a wound will be inflicted upon the good understanding between them and ourselves to the great scandal of both. A change is therefore to be made for the present; two stations are to be established one at Pih-ho-kêang and the other at Min-hang-chin on the rivers inland, and the Chinese merchants held responsible for the payment of the duties—and I am to write to you to consider the matter and take steps accordingly.

It appears to me that the collection of the duties from Chinese merchants for the time being would be a most satisfactory arrangement; as while it ensured advantage to the Chinese revenue the foreign officials and merchants would be doubtless spared some trouble. But until the establishment of the Pih-ho-kêang and Min-hang-chin stations shall have been effected, the duties on produce already arrived in Shanghae will have to be collected as heretofore from the foreign merchant: as soon as these stations shall be established, the responsibility of settling the duties thereat

on all dutiable goods bound for Shanghae (from the interior) will be laid on the Chinese merchant, and by these means evasion of them in some degree prevented. As to the course to be pursued when peace shall have been restored, this can be considered afresh whenever the city of Shanghae shall have been recaptured. Meanwhile under the instructions relative to the temporary collection of duties from the Chinese merchant, which I have had the honor to receive from His Excellency, it is my duty to lose no time in writing to you to call before you the mercantile community, one and all, and to inform me of the result of your deliberations.

I accordingly address this communication to you with the contents of which I shall be obliged by your acquainting yourself, and I anxiously look for your reply.

A necessary communication, addressed to—

H.B.M. CONSUL ALCOCK.

Heenfung 4th Year, 2nd Moon, 27th Day (25th March 1854).

*Translated by T. F. WADE, Vice-Consul,
Officiating Interpreter.*

SHANGHAE, 1st May 1854.

To HIS EXCELLENCY Woo,

Superintendent of Maritime Customs, etc., etc., etc.

The undersigned, representing at this Port the Three Powers possessed of Treaties with China, are in receipt of Your Excellency's communication of the 22nd and the 25th, addressed to them individually, announcing the establishment at Min-hang-chin and Pih-ho-kêang in the interior by orders of the Lieutenant Governor Heu Nae-chaou, of Custom-house stations for the collection of Tariff Duties on Tea and Silk for Foreign Export; and also conveying the wishes of His Excellency that the system adopted at Canton for many years for the settlement of Duties accruing upon Foreign Trade should be adopted at this Port.

The undersigned, having already under date 6th February 1854 agreed simultaneously and in the same terms to acquaint you of their recognition of a Chinese Custom-house in a provisional office on the Soochow Creek to commence business on the 9th of that month, they now deem it expedient in like manner to reply collectively and in the same terms to your two communications under acknowledgment.

The undersigned have accordingly to acquaint you that by their recognition of the Custom-house re-established on the 9th of February, they gave to Your Excellency every facility in their power for the due execution of their respective Treaties, and as these expressly provide alike for the *amount* of Tariff duties, the *place*, and the *mode* of their collection, it is not in their province to sanction, or in any way to recognize a departure from the specific terms of these Treaties on the part of the Chinese Authorities.

Regarding it, however, as a subject of the utmost importance, both in reference to the rights of the Chinese Government in connection with the Revenue; and the interests of the Foreign Trade, the undersigned now acquaint you that they will forthwith submit to their several Ministers in China, a detailed statement of the whole of the facts explanatory of the difficulties which have arisen in the execution of the Treaty since the capture of the City on the 7th of September last, and the course which has been pursued by them and by Your Excellency respectively to meet these difficulties, in order that their Excellencies with the fullest information may as early as possible adopt such measures as they shall deem fitting.

(signed) RUTHERFORD ALCOCK,
H.B.M.'s Consul.

R. C. MURPHY,
Consul, U.S.A.

B. EDAN,
H.I.M.'s Consul ad interim.

Suggestions for an Improved Administration of Customs and
the Equal Levy of Duties.*

Of the hopelessness of any effective means being adopted to secure the impartial and efficient levy of duties by the Chinese, if left to themselves, the experience of the last ten years can leave no doubt.

The only remedy for the gross abuses and inequalities which deprive the honest merchant of all protection guaranteed to him by Treaty, appears to be in the introduction of a foreign element.

* F.O. 228/176: Alcock to Bowring, despatch No. 56, 6th July 1854.

The sole issue out of the difficulties by which the whole subject is beset under existing Treaties is to be sought in the combination of a *foreign element of probity and vigilance with Chinese authority*.

Various ways of effecting this might be suggested, but only one seems to be so far free from serious objection, as to present all the necessary conditions of success in the application. The free concurrence of the Chinese Authorities forms one, and perhaps the most essential of these conditions, and to the plan hereinafter proposed it is not likely serious objection would be taken by the Authorities as they are at present circumstanced.

The proposition now submitted for consideration consists in the association with the Chinese executive who shall be placed in charge of the Custom House Administration of a responsible and trustworthy Foreign *Inspector of Customs*. This officer, as the delegate of the Three Treaty Powers, to be nominated to his post for the term of one year (but subject to instant dismissal on cause shown) by the Consuls and Taoutae conjointly, and at a fixed and liberal salary, sufficient to insure the services of a person of high intelligence and probity, and if possible one possessing a knowledge of the Chinese language. There should be placed under his orders an establishment of two first class linguists and one or more Chinese writers and runners, with one or more foreigners, to serve when occasion may require, as a species of tidewaiter. The total expenses of the establishment may be estimated at \$12,000—

	PER ANNUM.
Inspector	\$6,000
Two Linguists	2,400
Chinese Writers and Runners	600
Foreigners as Supplementary Tidewaiters .	<u>3,000</u>
	<u><u>\$12,000</u></u>

to be defrayed of course out of the gross revenue of duties. This foreign delegate or Inspector should have location for an office in the *Custom House*, and all documents issued by the Chinese Department—port clearances, landing and shipping-off chops, Duty receipts, etc.—to have *his counter signature before they can take effect*. He would be requested to keep a complete set of *Custom House books*, and these together with the Chinese records to be at all times open to the inspection of the Taoutae and the Consuls of the three Treaty Powers. The Inspector himself to be allowed *ex officio* the freest access to the Custom House records kept by the Chinese officers

from day to day. Or, if preferred, they might be officially examined, compared and checked at the close of every month, the three Consuls certifying the fact and noting any discrepancy.

A machinery of this kind brought into active operation could scarcely fail to furnish a most effective check upon the venality and supineness of the Custom House officials, and one eminently calculated to increase the Chinese revenue to an amount far more than *ten times the cost* of the Foreign Branch Office, while that protection would at least be obtained for the trade and the conscientious merchant, the want of which has led to the total demoralization of the trading body, and brings both Consuls and merchants in perpetual collision with the Custom House Authorities too often with prejudice to the national character.

(signed) RUTHERFORD ALCOCK.

SHANGHAE, 15th June 1854.

Minutes of Meeting of Taotai and the three Treaty Power
Consuls held at Shanghai on 29th June 1854.*

The Consular representatives of Great Britain, France, and the United States of America have met together to receive His Excellency Woo Taotai, who has expressed a wish to consult with them as to the best mode of organising the Chinese Custom House with a view to its greater efficiency in the collection of foreign maritime duties and a desire to receive from them any suggestions in their power to offer regarding the practical means of ensuring the better observance and execution of treaties in the levies of duties at the port.

The undersigned Taotai and Consuls, having maturely considered and discussed the best means of giving efficiency to the administration of Customs and carrying out the treaty provisions for the collection of duties, are agreed upon and have adopted the following Articles as embracing all the most essential conditions of an improved organisation and the ground-work of a more satisfactory system of administration than has heretofore been attainable. The Taotai on his part is prepared, in the interest of the Chinese revenue and for the protection of the honest merchant, at once to give effect to the principles so sanctioned and adopted.

* N.C.H., No. 206, 8th July 1854. Joint notification of treaty power Consuls of 6th July 1854. Reprinted also in Customs publications, Inspectorate Series No. 5, pp. 7-10. F.O. 228/176: Alcock to Bowring, despatch No. 56, 6th July 1854.

1.—The chief difficulty hitherto experienced by the Superintendent of Customs having consisted in the impossibility of obtaining Custom House officials with the necessary qualifications as to probity, vigilance, and knowledge of foreign languages required for the enforcement of a close observance of Treaty and Custom House Regulations, the only adequate remedy appears to be in the introduction of a foreign element into the Custom House establishment in the persons of foreigners, carefully selected and appointed by the Taotai, who shall supply the deficiency complained of and give to His Excellency efficient and trustworthy instruments wherewith to work.

2.—The mode in which this may best be effected will be by the appointment on the part of the Taotai of one or more foreigners of undoubted probity to act under his orders as Inspectors of Customs, with a mixed establishment of Chinese and foreign subordinates, to consist of Linguists, Writers, and Tidewaiters, together with a revenue cutter well manned by foreign sailors and under the command of a trustworthy and intelligent master. The whole expense of such establishment to be paid by the Taotai out of the proceeds of the revenue, and at such liberal rate as shall suffice to secure the highest qualifications of character and capacity in the persons selected for the different offices. The said salaries to be paid monthly by the Chief Superintendent of Customs.

3.—In the appointment of the Head Inspectors and the organisation of the whole Auxiliary Department it has been agreed, as the best mode of guarding against future difficulties and sources of complaint and at the same time ensuring, by the better knowledge of persons, a proper selection, that the Consular representatives of each Treaty Power shall select and nominate, for appointment by the Taotai, one Inspector so soon as fit persons can be found, and these three to form a Board of Inspectors with a single and united action, to whom will be entrusted the further selection of the various subordinates, foreign and Chinese, receiving in such duty of selection all facility and assistance from His Excellency the Taotai in regard to the natives to be chosen, who will confer the several appointments on the presentation of the Inspectors, their rate of remuneration, in accordance with the principle established in Article 2, having been previously fixed. It is not considered desirable to fetter the Board of Inspectors with any rules for the division of their labours and the discharge of their responsibility, but it is agreed as worthy of consideration by the Inspectors themselves whether the nominees of the Consuls of Great Britain and America may not with advantage direct their attention more especially to the ships of their respective nations,

while the nominee of the French Consul would, in addition to his own, be in a position to keep a close surveillance on the ships of all other nations, not including British and American. In the event, however, of three competent and proper persons for the office of Inspectors not being procurable in the first instance as the nominee of each Consul, it is agreed that either of the three Consular representatives may exercise his faculty of nomination at once, and the party selected upon receiving appointment from His Excellency the Taotai shall be recognised by the Consuls of the three Treaty Powers as representing the whole Board of Inspectors, and consequently charged with the collective functions of the office, without prejudice to the power distinctly reserved on the part of the other Consuls of nominating at any time the remaining two of the number required to complete the establishment on the footing now contemplated. The scale of remuneration, numbers, and office of the persons to be employed will, shortly after the signature of this Minute, be determined upon by His Excellency the Taotai and communicated to the Consuls collectively in an official note.

4.—In reference to such Inspectors of Customs the Consuls will undertake to try and adjudicate upon any case of exaction, corruption, or neglect of duty made out against them, and charges for misconduct may be made by foreign residents direct to their respective Consuls, who will take action upon them after due notice to the Chinese authorities and the other Treaty Consuls. And provided such charges are reasonably supported by the circumstances of the case, an investigation shall take place in the presence of the Taotai and Consuls of the three Treaty Powers, and the finding of such Mixed Court shall, by previous contract on the part of the said Inspectors on their nomination, be binding equally upon the party accused and the Chinese Superintendent of Customs from whom they will hold their appointments, the same to be taken by votes, the Taotai having two. The Inspectors not to be liable to dismissal or removal by any other process, unless a total change of system, with the concurrence of the Consuls, should render their services no longer needful or advantageous, in which case they will be held entitled to a three months' notice or equivalent salary. All subordinates under the Inspectors to hold office during good behaviour and subject only to dismissal on the recommendation of the Inspector, if single, or a majority of them if there be three, but upon such recommendation the Taotai will undertake to give effect to the dismissal without delay.

5.—The functions and duties of the Auxiliary Department of Inspectors to be considered are those specially of surveillance as to the due observation of the Custom House Regulations and provisions

of treaties in regard to shipping and duties. There will be a single and united action among the heads, and full authority, with all necessary means, shall be given to enable them to scrutinise reports of shipping, manifests of cargo, landing and shipping-off chops, payment of duties, and port clearances for the detection of all errors, irregularities, or frauds whencesoever proceeding. They will each and severally on appointment be sworn truly and honestly to administer the duties of their office, to abstain from all personal interest in trade, and to hold themselves legally accountable for the faithful observance of their engagements to the Taotai appointing and to the Consuls of the three Treaty Powers, these authorities together constituting the members of a Mixed Court, to which they are by their own consent to be made legally accountable. It will be their duty to expose all frauds or irregularities whenever discovered to the Chief Superintendent of Customs and the Consuls of the three Powers collectively, to obtain the necessary evidence for conviction to be had in the event of legal proceedings being necessary, and to take all proper steps, under the authority of the said Superintendent of Customs, for the prosecution of the several parties engaged in any irregularity or attempt to defraud the revenue. And the Taotai on his part undertakes rigorously to enforce the full penalties, whether of fine or confiscation, in all cases without exception or distinction, whenever an act of fraud or irregularity can be brought home to the offending parties, and he will further make public declaration of his intention. The Superintendent of Customs in any case of confiscation upon information will make over to the party or parties instrumental in discovering the fraud or irregularity a percentage of the value of the goods confiscated, according to a scale hereafter to be communicated to the Consuls, as an additional motive for vigilance. The Inspector or Inspectors will have location for an office within the building occupied as a Custom House, with free access to the Chinese Custom House books and documents. They will be responsible for keeping a complete and perspicuous set of Custom House books in English and Chinese, showing in detail the whole course of administration in reference to the shipping and levy of duties. These books from time to time, or at set periods as may hereafter be determined, to be carefully compared with the books and records kept by the Chinese Department, under the eye of the Taotai and Consuls of the three Treaty Powers, when, if any discrepancy be discovered, it shall be the subject of rigorous investigation. Such collective and official examination at any time to be obligatory on the requisition either of the Taotai or one of the Consuls. In order the better to regularise and give identity of action to the whole Custom House service, the

Chief Superintendent of Customs undertakes that no landing or shipping-off chops, duty receipts, port clearances, or any other official document shall be issued from the more exclusively Chinese Department of the Custom House for any foreign vessel or shipper, or be permitted to take effect without the counter-signature and seal of the Inspector or Inspectors, and of all such documents a careful record shall be kept by them for reference. It is further agreed, as of essential importance, that no foreign ship under any circumstances shall be permitted to report except through a foreign Consul duly recognised, or to remain in port, or load, or discharge cargo without conformity with this regulation. The Inspectors will at all times be prepared to afford to the Chief Superintendent of Customs information and advice on every point connected with foreign customs and laws, and the administration of the same under treaties in China. They will equally afford to the said Superintendent and to each of the three Consuls of the Treaty Powers, upon official demand, all the information in their power as to the shipping and levy of duties, together with free access to their books and records, but the Inspectors will not be authorised to give access to these to any other parties.

6.—An armed revenue cutter, well found and manned, under the command of a foreign master, small enough to work quickly in the river and overtake vessels leaving the port without due authority, and large enough to go with safety to Gutzlaff if required, is deemed indispensable.

7.—A careful revision of the Custom House Regulations of August 1851 is considered necessary with a view to any modifications that may be found desirable and their conformity with Treaty Regulations, after which they should be reissued with greater publicity in Chinese and English.

8.—Upon these bases, unanimously concurred in and adopted at this conference, His Excellency the Taotai desires and undertakes to reorganise the Custom House establishment, and to forward within 10 days an official communication to the undersigned Consuls, (with) the details of such organisation and establishment, inviting their concurrence and active support, in so far as by treaty they can legitimately afford the same, and the Consuls on their part declare their desire to contribute by all the means in their power to the organisation of an honest and efficient Custom House administration, and their readiness, on the receipt of such communication, to announce, at a day fixed, the resumption by the Chief Superintendent of Customs of all the duties of his office, and the obligation of all

consignees and masters of ships under their respective flags scrupulously to observe the Custom House and Port Regulations, under penalty of fine and confiscation as by treaty provided.

(SEAL) Official seal of the Intendant of the
Soo-Sung-Tae Circuit in Kiangsu.

(signed) RUTHERFORD ALCOCK.
R. C. MURPHY.
B. EDAN.

Translation of letter from Taotai Wu Chien-chang (吳健彰), dated
4th July 1854, to the three Treaty Power Consuls at Shanghai.*

Woo, Superintendent of Maritime Customs Intendant of the Soo-Sung-Tae Circuit, etc., etc., makes a communication:—

It being my intention to reorganize the Custom House in accordance with the bases agreed upon by us at a personal conference, I have to solicit that you will proceed at once, in conformity with the Minutes of that conference to select Three Inspectors of Customs for appointment, so that the new arrangements may take effect with the least possible delay.

My establishment will consist of—	ANNUAL COST.
Three Inspectors of Customs, at an annual salary of \$6,000 each	18,000
Three first class linguists, possessing knowledge of Chinese and English, at \$100 per mensem	3,600
Three Chinese Writers at \$20 each per mensem, office runners, expenses of books and paper, etc., say	1,000
Three foreigners to be employed as Tidewaiters at a salary of from \$50 to \$80 per mensem, say	2,400
A Revenue Cutter with a Captain in charge at \$150 per mensem, and manned by six sailors at \$30 per mensem, say	5,000
 TOTAL EXPENSES	 \$30,000

* F.O. 97/100: Bowring to Clarendon, despatch No. 77, 7th July 1854. N.C.H., No. 206, 8th July 1854.

I have at the same time to request that you will call upon all merchants to take note that from and after the 12th instant, all vessels entering or clearing will be required to conform to the new Regulations. I have further to beg your assistance in suggesting any modifications which you may deem necessary in the Custom House Regulations of August, 1851, in order that they may be reissued in English and Chinese.

A necessary communication addressed to—

HER BRITANNIC MAJESTY'S CONSUL ALCOCK.

UNITED STATES CONSUL MURPHY.

HIS IMPERIAL MAJESTY'S CONSUL EDAN.

Hienfung 4th Year, 6th Month, 10th Day (4th July 1854).

*Translated by HORATIO NELSON LAY,
Official Interpreter.*

Joint Consular Notification of 6th July 1854 announcing introduction
of revised Custom House system under Foreign Inspectors.*

NOTIFICATION.

SHANGHAE, 6th July 1854.

The undersigned Consuls of the three Powers possessed of Treaties with China, having reference to their notification of the 9th May respecting the abandonment of the Custom House of this Port by His Excellency Woo Taoutae, and the establishment of two in the interior in lieu thereof as announced in a Circular to the Consuls, do hereby publicly notify to all residing under their respective jurisdictions the withdrawal of the Inland Custom House stations and the reorganisation of the Custom House Administration with a board of Inspectors, and upon a basis which it is hoped will assure thorough efficiency. Consignees of all vessels entering or departing on or after the 12th instant will be required to report the same to the Custom House on the Soochow Creek where the duties will for the present be collected in strict accordance with Treaty provisions.

* N.C.H., No. 206, 8th July 1854. Also in Customs publications, Inspectorate Series No. 5, pp. 11 and 12.

His Excellency the Taoutae and Superintendent of Customs having officially communicated to the undersigned his determination, with the assistance of a Foreign Establishment, to give the most complete execution to the Treaty provisions for the equal collection of duties, and in all cases of fraud or irregularity, vigorously to enforce the penalties, it will behove all Masters and Consignees of vessels in their own interests to observe the greatest care in the observance of the Custom House regulations, a copy of which subject to such modifications as may from time to time be announced is annexed for general information.

Masters and Consignees of vessels already in harbour on the 12th instant will in like manner be required to put themselves in communication with the Custom House and conform to the regulations in such manner as the Inspector of Customs may require.

(signed) RUTHERFORD ALCOCK,
H.B.M.'s Consul.

ROBERT C. MURPHY,
Consul, U.S.A.

B. EDAN,
H.I.M's Consul ad interim.

Memorandum of September 1854 by Mr. Harry Parkes, then H.B.M.
Consul at Amoy, on Irregularities of Custom House at Canton.*

NOTE ON THE IRREGULARITIES OF THE CUSTOM
HOUSE OF CANTON.

The collection of the Duties on the Foreign Trade devolves upon a branch of the Custom-House, wholly separate and distinct from that which has the supervision of the Native Tariff, and the procedure in the separate Departments of Native and Foreign Customs is regulated under totally different systems. In the case of the Foreign Trade the Superintendent of Customs has to account in detail—with what degree of correctness however it is difficult to say—to the Imperial Government for all the dues on Tonnage and duties on Merchandise that come into his hands, the amount of

* F.O. 228/167: Enclosure in despatch No. 246, Bowring to Clarendon, 3rd December 1854.

which is of course liable to increase or diminution according to the fluctuations of Commercial operations. But instead of having to furnish particulars of the incomings of Customs derivable on Native Commerce, he is simply required to provide a fixed amount of annual Revenue, which is not allowed to be affected by the vicissitudes of Trade and these therefore as they happen to be favorable or adverse, become to him a source of profit or of loss. In the former case the performance of the functions of the Custom House officers, is or should be regulated by the Treaties or Regulations entered into with Foreign Powers; in the latter, each Superintendent of Customs makes such arrangements as he may consider most effectual for the protection of the Revenue in which he is so directly concerned. In both cases the subordinate Custom House Officers prove themselves excessively venal or supine, and thus afford abundant opportunity for evasion or collusion which is availed of in the manner hereafter described.

I.—COURSE PURSUED AT WHAMPOA.

The course pursued by those parties who desire to load or discharge cargoes in a clandestine manner differs according to the locality, where the vessels concerned are anchored, whether at Whampoa or opposite the factories at Canton.

Few Godowns or Warehouses being owned by Foreign Merchants at Canton, the greater portion of their Stocks are stored in licensed Chinese Packhouses, the proprietors of which undertake to convey the goods from Whampoa to Canton, to land them at their Packhouses, pay duty, Boat-hire, and every other charge thereon, and present their Bills for the same when the goods are removed from their hands, on being finally disposed of. They also take the precaution of sending a clerk on board the ship to weigh or count all goods before taking delivery, and by keeping a boat constantly alongside each vessel they load or discharge, they have accurate knowledge of the quantity and quality of all the cargo landed or shipped through their agency.

At Canton the old system of licensing Linguists is still in force. At present their number is limited to five, but each one of these employs a large establishment of "Pursers" or clerks. A Linguist may be in the permanent employ of a Foreign House, or his services may be casually engaged to conduct the business of a single ship; in the former case he consults in a methodical manner the interests of himself and his employers; in the latter there is greater occasion for speculation or adventure on his own account, so much so that

several of their body have been known to compete with each other in the terms under which they would undertake to land a cargo for the foreign merchant at reduced rates of Duties, or in their offers of bonuses (amounting at times to one or two thousand dollars) to secure the transaction *gratis* of the business of a vessel on the condition of being credited by the Foreign Consignee, with the whole of the duties payable by Tariff. But the prevailing rule, when the evasion is practised with the knowledge of the Foreign Consignee, is to leave it to the Linguist to make the best arrangement he can effect, which cannot always be stated beforehand as it must vary according to the degree of vigilance or venality of the Custom-House Officers, and other parties whose collusion or co-operation it is necessary for him to engage.

First he obtains from the Foreign Consignees of Goods, a true statement of the Shipments they wish to be landed. To suppose a sum, these may amount in all to *Six Thousand* Packages. Of these he probably reports to the Custom House only half or two thirds, and receives a pass accordingly, that is either for *three thousand* or *four thousand* packages. Under cover of this pass he takes care to convey gradually from Whampoa to Canton the whole of the Six thousand packages by adhering to a similar false scale, in entering the ladings of the lighters employed, (e.g. reporting a boat load of six hundred packages, at three or four hundred) or by representing whole bales as half bales, or heavy packages as being of much lighter weight. To effect this he must of course have a perfect understanding with the Packhouse proprietor, must have secured the connivance of the Hoppo's officers both at the Main Custom House and at various smaller stations along the river, and must have included in his league the sailors of the lighters and the Coolies employed to carry the goods from the boats to the Packhouses, both of which classes are in some degree influential because formed into licensed companies regulated by rules of their own imposing.

The goods being safely landed or shipped—for the course pursued into either case is very similar—and settlement of the Duties being required to obtain the Clearance of the Ship, the Linguist acquaints each consignee with the results of his arrangements, or rather with the sum it is necessary for the latter to pay to the Government Shroff, or Banker, and which may amount to two-thirds or three-fourths of the Duties of the Tariff. These payments being made the Linguist obtains for the Merchant his Custom House Clearance, but the Banker is careful not to give any written acknowledgement for the receipt of these sums, as they are generally in excess of the amount of Duties required by the Foreign Tariff,

on the short quantity of Cargo reported by the Linguist, and of course it is not until such excess has been deducted and divided between the Banker and the Linguist, that the one Credits, or the other accounts to the Custom House for the exact or true amount of Duties due on such portion of the Cargo as has found entry in the Custom House books. To recapitulate, supposing a cargo to consist of Six Thousand Bales, and to be reported by the Linguist to the Custom House at Three Thousand, the Foreign Consignee is probably told that the whole cargo has been passed at four thousand Bales, on which quantity he accordingly pays to the Government Banker the true Tariff Duties, and the Government Banker, a Linguist, accounts to the Custom House for the Tariff Duties due on the Three Thousand Bales, which they originally reported, as being the whole cargo of the vessel, and appropriate to themselves the remainder.

II.—COURSE PURSUED AT CANTON.

In evading the Duties on Goods landed from or shipped on board of Steamers, Lorchas, or other small craft lying opposite the Foreign Factories at Canton the agency of the Local Native Revenue farmers has to be employed.

The position of these farmers it should here be explained, is based on the same principle as that of the appointment of the Superintendent of Customs, in so far as concerns the payment to the Government of a certain annual sum and the appropriation to themselves of all the duties in excess of this sum that they are able to collect. The river frontage wherever any traffic is carried on is apportioned by the Government into divisions or beats each of which is rented or farmed to those parties who bid the highest sum, for the privilege of levying a small Warfage or Transit Duty according to a Tariff not always adhered to, on all Chinese Goods landed or shipped within the limits of their respective divisions. Each farm extends only a few rods along the river-side, and may comprise but a single public landing-place. The sums bid for these farms vary greatly according to the amount of business they command; that which contains within its boundaries the frontage of the foreign factories is said to be much the highest priced, its value being chiefly derived from the connection the farmers have with the foreign trade, the profits accruing from which they find far more remunerative than the dues they are allowed to collect on the Native Traffic. With the legal business of foreigners they have no authority or inducement to interfere, but they eagerly interest themselves in those transactions which are unauthorized by the Custom House, and are

always ready for a sufficient consideration, paid them by the Foreign Merchant to ensure the safe delivery of Goods illicitly landed or shipped.

It should here be premised that to protect the Customs on the Foreign Trade carried on opposite the Factories, a boat with an Officer and some fifteen or twenty men on board lies permanently moored at the entrance of the stakes enclosing the Foreign factory gardens, so that all boats going to, or passing from, the latter, must pass in its immediate proximity. The farmers of this particular division of the river have likewise a boat, employed nominally for the collection of their own tolls which they fasten alongside the one belonging to the Customs. The people on board both boats are thus enabled to watch closely each others proceedings, and no movement takes place among the lighters, boats, or shipping around them, of which both are not equally cognisant.

In order therefore to pass his goods without payment of regular duty, from his premises to the vessel lying opposite the Factories, the foreign Merchant has first to make known his wish to the farmers, and contract with them for the safe conduct of the packages past the Custom House Boat. The ordinary course adopted by the farmers is to make the officer of the Boat privy to the transaction, and gain his silence by dividing the profits with him.

Or should they seek to avoid this deduction, or have some particular reason for not disclosing their proceedings, they have then recourse to other means such as treating the officer to an entertainment at a place of public resort, and removing the goods during his absence, or rendering him unconscious on board his boat, by inducing him to partake to excess of the Opium which they freely supply him. The Officer of the Custom House boat is frequently changed, but the men being generally allowed to remain, their attachment to the interests of the farmers is securely gained by the share which the latter award them in the gains of their Establishment.

The remuneration demanded by the farmers for running goods in this manner is liable to variation according to the obstacles which may occur to render their proceedings more or less difficult, or according to the aptness of the foreign Merchant or his servants in driving a bargain with them. On bulky Import goods, half duty appears to be the prevailing rate, but on lighter and more valuable export merchandize the rule appears to be to pay by the package. Silk piece goods pay from \$1 to \$5—the weight of the packages in which these fabrics are made up varying from 20 catties to nearly 200. Sometimes three or four packages, which singly would be

charged \$8 each, are matted up together and passed for five or six dollars. Raw Silk the duty on which is about \$15 per picul pays to the farmers about \$5 they probably passing it as Punjam or Refuse Silk, the duty on which is one fourth only of that on fine. Sometimes again the foreign Merchants not content with the considerable abatement of Duty thus obtained have sought to defraud the farmers of some portion of their illegal gains by representing superior goods to be of inferior quality, and in this way describing White Long Cloths as Grey-Cotton Twist or Yarn as Raw Cotton, or by packing Raw Silk in Eighty Catty Tea Chests, and bargaining with the farmers for its shipment, which averages only one tenth of the value of silk, and pays one fourth of the duty on the latter. The farmers however judging either from the marks or appearance of the foreign packing or from information given them by the boatmen most of whom are in their employ, have occasionally detected this duplicity which has led to the altercations it is not uncommon to witness in the neighborhood of the factories.

More than one party belonging to the Foreign community have occupied an intermediate position between the foreign merchants and the farmers and acted as agents for both parties, arranging all details connected with the landing or shipment of goods at one fixed rate of half-duty, and receiving as their remuneration either a commission of about ten per cent from the farmers, or \$1 @ \$2 from the foreign Merchant, on each package thus shipped.

Information of a reliable nature represents the income of the farmers of the foreign factory beat as having averaged during the last two years (1852-53) \$200,000 per year! The sum appears enormous being about an eighth part of the total amount received by the Imperial Government on the Foreign Trade of the Port but it will nevertheless be easily credited by those parties whose residence and observance on the spot gives them some knowledge of the operations peculiar to this strange system. It would appear also to be altogether disproportionate to the price paid for their licence, (estimated last year at \$7,000,) but this is only a small item of the many heavy expences they are obliged to incur. They have to fee highly not only numbers of Custom House employes, Magistrates, Police, and many other official or private persons who are cognisant of their proceedings, but also the farmers of the neighbouring beats who are naturally envious of the great profits obtained by the holders of this particular division of the river, and might annoy them by denouncing their practices to the Government, did they not find their own interests better served by preserving silence on the subject. Occasionally too a seizure is actually made by Police or Custom House

Officers of a parcel of goods, in transit between the vessel and the shore, probably on account of the refusal of the farmers to satisfy some exorbitant demand on the part of the latter, or the temporary rigor which now and then follows some flagrant exposure. In these cases the farmer being responsible to the foreign Merchant for the goods, has to defray the expenses of clearing them again when so seized, and these expenses are at times inconveniently heavy. In one instance within the writer's knowledge they had to pay 2,500 Dollars to free themselves from prosecution, and obtain the release of a shipment of Tea valued at Six Thousand Dollars; and in another case they were required to make good the full duties on a considerable quantity of foreign Merchandise on which they themselves had only received half duty from the foreign Consignees. On that occasion they—the farmers were losers to the extent of 4,000 Dollars.

The Foreign Merchants are able to protect themselves from loss in case of seizure, by reimbursing themselves from the arrears due by them to the farmers for which the latter of course cannot sue. The Merchants however sometimes suffer in another way by the knavery of the small boatmen they have to employ, when shipping goods opposite the factories—who are particularly expert in opening the packages they are entrusted with and purloining part of the contents, and replacing the sewing or packing with such nicety that the theft is seldom detected before the goods arrive at their destination.

It is obvious that as long as the Chinese Officers continue to evince such utter want of honesty and vigilance, it will be hopeless to look for improvement in the vicious Custom House System which this paper attempts to describe.

(signed) HARRY PARKES.

AMOY, *September 1854.*

True copy, W. W.

**Letter from Lord Elgin to Mr. Horatio Nelson Lay, then Inspector
of Customs at Shanghai, requesting his assistance
in Treaty negotiations.***

SHANGHAI, April 9th 1858.

SIR,

It would be very satisfactory to me if you could make it convenient to accompany me on the "Furious" on my present expedition to the north, as I consider that your acquaintance with the system of the Chinese Custom House, and your familiarity with the language would be of material assistance to me at this conjuncture.

I am, etc.,

(signed) ELGIN & KINCARDINE.

To H. N. LAY, Esquire.

Reply to above.

SHANGHAI, April 9th 1858.

MY LORD,

In compliance with Your Lordship's wishes conveyed in the letter which I had the honour this day to receive, I have arranged with the Chinese Superintendent of Customs that there shall be no objection to my absence from Shanghai during Your Lordship's pleasure.

I trust that I may be permitted to express my full sense of the honour conferred upon me, and to assure Your Lordship that no effort shall be wanting on my part to the effective discharge of any duties which Your Lordship may consider me competent to perform.

I have, etc.,

(signed) H. N. LAY.

HIS EXCELLENCY,

THE EARL OF ELGIN & KINCARDINE, K.T.

* F.O. 17/286: Enclosure in despatch No. 90, Elgin to Clarendon, 15th April 1858.

**Extract from despatch of Lord Elgin to the Chinese Imperial
Commissioners, requesting Lay's services in
Treaty and Tariff revision.***

The peculiar nature of Mr. Lay's relation to the Chinese Authorities has alone prevented the Undersigned from officially attaching that gentleman to the Commission above indicated. As, however, it is most important that in a matter involving such grave interests on both sides, neither party should be deprived of the experience and information which Mr. Lay can bring to bear on the subject, it is his wish that that gentleman should be present at the meetings of the Commission.

**Extract from letter of 6th November 1858 of Messrs. Oliphant and
Wade to Lord Elgin, on Lay's services.†**

We are bound to state that it is mainly due to his (Lay's) skill as an interpreter, his experience and general intelligence that our discussions have been brought to a conclusion which Your Excellency, we feel, cannot fail to regard as satisfactory.

**Rule 10 of the Rules of Trade appended to the Treaty of
Tientsin (1858).‡**

**RULE 10.—COLLECTION OF DUTIES UNDER ONE SYSTEM AT
ALL PORTS.**

It being, by Treaty, at the option of the Chinese Government to adopt what means appear to it best suited to protect its Revenue, accruing on British trade, it is agreed that one uniform system shall be enforced at every port.

The High Officer appointed by the Chinese Government to superintend Foreign trade will accordingly, from time to time, either himself visit, or will send a deputy to visit, the different ports. The

* F.O. 17/291: Enclosure in despatch No. 189, Elgin to Malmesbury, 19th October 1858.

† F.O. 17/291: Enclosure in despatch No. 205, Elgin to Malmesbury, 8th November 1858.

‡ "Treaties, Conventions, etc.," *op. cit.*, vol. i, p. 428.

said High Officer will be at liberty, of his own choice, and independently of the suggestion or nomination of any British authority, to select any British subject he may see fit to aid him in the administration of the Customs Revenue; in the prevention of smuggling; in the definition of port boundaries; or in discharging the duties of harbour-master; also in the distribution of Lights, Buoys, Beacons, and the like, the maintenance of which shall be provided for out of the Tonnage Dues.

The Chinese Government will adopt what measures it shall find requisite to prevent smuggling up the Yangtze Kiang, when that river shall be opened to trade.

Despatch from Mr. Rutherford Alcock, H.B.M. Consul at
Canton, to Lord Elgin, H.B.M. Plenipotentiary,
on the Canton Customs.*

BRITISH CONSULATE, CANTON,
13th December 1858.

MY LORD,

One of the first subjects pressed upon my consideration by the Hoppo, as Comptroller of Customs, on my return to my post in direct communication with the Chinese Authorities, was the irregularities and abuses which had grown up in connection with Foreign Steamers plying on the river, for the transport of Goods and passengers to and fro the adjacent Ports of Hongkong and Macão. He seemed to feel this evil was so great, and the consequences so prejudicial to the Custom house receipts under his charge that means *must* be devised to recover control over a large portion of Revenue-yielding trade, which had entirely passed out of his hands, yet conscious at the same time of his inability to grapple with the difficulties single handed. The inefficiency and venality of his own people on the one hand, and the fear—common to both him and them—of coming in collision with Foreigners on the other,—alike tending to weaken, if not destroy, all power of action. His Excellency under these circumstances appealed to me, and, in the hope of effective co-operation, was evidently disposed to put himself very much in my hands as to the measures to be adopted.

As a first step he addressed himself officially, at my suggestion, to all the Treaty Power Consuls at Canton on the subject, requesting their co-operation in measures for putting a stop to a system of

* F.O. 228/259: Alcock to Elgin, despatch No. 22, 13th December 1858.

wholesale smuggling under the protection of Foreign Flags,—in open violation of all Treaty and Port Regulations. The Hoppo's Letter and my Reply, enclosing him the certificates he desired for the protection of his Revenue Officers, are enclosed.

Having proceeded thus far, I addressed the enclosed Despatch to His Excellency, Sir John Bowring, and following it to Hongkong very shortly afterwards, took his Instructions. I further had the advantage of learning personally from the Plenipotentiary of the United States, Mr. Reed,—who had just arrived from Shanghae,—his readiness to direct the Consul of the United States cordially to act with me in the measures proposed.

The final result will be shown to Your Lordship by the enclosed Notification to British subjects and Masters of Steamers warning them of their obligation to conform to Treaty Regulations in the conduct of their business: a similar document having issued from the United States' Consulate. Four letters which passed between the Hoppo and myself, pending the discussion and settlement of the measures to be taken:—and lastly by the joint Notification of the Treaty Power Consuls, giving circulation to a set of Regulations specially adapted to facilitate the Despatch of Steamers, with due regard to the collection of Custom House duties.

Before these Regulations were finally settled, I had frequent communication with all the parties chiefly concerned—merchants—owners and Masters of the Steamers employed in the Trade, as well as my colleagues and the Hoppo. The result has been so far satisfactory, that while the Hoppo expresses himself well content, taking the trouble of paying me a visit, chiefly for the purpose of telling me so; and the Consul of the United States assures me of his cordial desire to assist in their impartial application,—the owners and Masters of the Steamers, after some difficulties and discussion as to their practical bearing, have admitted that the Hoppo could not, with any regard to the Revenue, have demanded less—or granted more in the way of facilities.

It only remains to be seen how far the Hoppo can perform his part. In his own interest, we may count upon his desire to do so efficiently; but his instruments are not the best adapted in the world for such work: a fact as well known to himself as to us. Your Lordship will see in my Letter to him of the 10th December (Inclosure No. 7) recommending the Simplification of his Rules and forwarding a draft of those which, with slight modifications, have now appeared; that I spared no pains to prevent any misapprehension as to the amount and kind of assistance Consuls could legitimately

afford him in the prevention of frauds, and the collection of the Chinese Revenue,—that being his business, not ours. I was led to insist upon this the more from perceiving that, as soon as he began to gather confidence in the honesty of my purpose to aid him in the task he was undertaking, the tendency here,—as I had experienced at Shanghai,—was to throw the whole onus of preventing smuggling upon the Consuls, instead of striving to render it impossible by his own exertions.

In this disposition the Hoppo, not only gave willing acquiescence to all I had to suggest, whether in the interest of the Foreigners or his own department, but was willing to go much farther. It plainly rested with me at the moment to have introduced any Foreign Element I deemed necessary into the Customs' administration. A result which I was very far from anticipating when I first entered upon the subject; for nowhere in all the Ports is there so firmly established a routine of partial compromise in the collection of duties, or so large a class of Agents in the shape of Linguists, with a kind of vested interest, whose sole profit lies in their employment as middle men in arranging the terms on which the duties are to be compromised. If I have hesitated to profit by the opportunity so unexpectedly offered, it has been upon grounds which I think Your Lordship will approve. In the first place I should have experienced difficulty in putting my hand at once on any fit and competent instrument for the provisional working of such machinery;—all the more that it could only be considered provisional and of uncertain duration. Because, although the last clause of the additional provisions in the Treaty of Tien-tsin, lately signed at Shanghae, distinctly enough contemplates in some form the extension of the system in operation at Shanghai, the leading principle of which is the amalgamation of a Foreign Element into the Chinese administration to supply that which is deficient, I have no information as to the particular form it is desired by the contracting powers this should take:—I was unwilling therefore in the second place, even by assimilating in some degree Canton to Shanghai, to take a step which might prove in the end a source of embarrassment to Your Lordship in carrying out arrangements for the adoption of some uniform system at all the Ports under Foreign Inspection, which might already have been determined upon. For it must be evident, that assuming no small resistance will be made here to anything in the shape of a Foreign Inspectorate which shall interfere with so many pecuniary interests, from the Hoppo to the Linguists or go-betweens, and the last coolie at the Custom-house gate, all of whom have for generations been led to look to the Canton Customs

as a rich inheritance, the only limit recognized being their relative capacities and aptitudes for appropriation—looking to this state of things I say it must be inferred that in proportion as any subordinate Foreign Agency might be found to work well, in adding to the aggregate of duties passing through the Custom-house, and in relieving the existing Authorities of their difficulties with the Steamer traffic—their objection to any higher or controlling supervision acting as a check on individual appropriations, would be likely to increase.

I trust Your Lordship's time has not been unnecessarily occupied by these details. For this little episode of the Steamer traffic, and arrest of the Custom-house powers before difficulties the Chinese felt unequal or unwilling to deal with, has a significant bearing on the larger question of the introduction at all the ports of a uniform system, which cannot fail to have been regarded by Your Lordship as one of great interest and importance in our relations with China.

I have, etc.,

(signed) RUTHERFORD ALCOCK.

TO HIS EXCELLENCY, THE RIGHT HONORABLE
THE EARL OF ELGIN AND KINCARDINE, K.T., etc., etc., etc.

True copy, ABEL A. J. GOWER.

Hart's letter resigning from H.B.M. Consular Service to
accept post in Chinese Customs.*

BRITISH CONSULATE, CANTON,
27th May 1859.

SIR,

Some weeks back I had the honour to inform H.E., H.M.'s Plenipotentiary, that a situation had been offered to me in connection with the collection of Chinese revenue at the Ports open to Foreign trade, and under the system approved of at the conclusion of the late Treaty by H.M.'s Ambassador Extraordinary and the Chinese High Commissioner, and I ascertained that, in consideration of the nature of the service, H.E. would not offer any objection on the

* F.O. 228/266: Enclosure in despatch No. 11, Winchester to Bruce, 27th May 1859.

part of H.M.'s Government to my accepting the situation offered. I have now therefore the honor to request that you will move H.E., H.M.'s Plenipotentiary to permit me to resign the post which I hold in the Consular Service.

As my station, in connection with the Foreign Inspectorate, will for some time to come be Canton, I beg to inform you that any services rendered profitable by my knowledge of the language or local experience, will when required be most cheerfully placed at the disposal of H.M. Consul.

I have, etc.,

(signed) ROBERT HART,
Interpreter.

CHARLES A. WINCHESTER, Esquire,
H.B.M.'s Officiating Consul, Canton.

Circular from Hon. F. W. A. Bruce, British Minister to China, to
British Consuls at Treaty Ports enjoining them to render
assistance to Mr. H. N. Lay, newly appointed
Inspector General of Customs.*

SHANGHAI, 28th September 1859.

SIR,

Mr. Lay is about to visit the principal Ports with a view of inaugurating a uniform system of Custom House management.

As Her Majesty's Government take great interest in the success of this experiment I have to request that you will give him such assistance in carrying it out as he may require.

Your language to the Authorities, if appealed to on the subject, will be that Her Majesty's Government consider this system as the best means of introducing order and regularity in the Commercial intercourse of Foreigners with China, and of protecting the revenue of China, and the interests of honorable merchants from the abuses of contraband trade.

I am, etc.

(signed) F. W. A. BRUCE.

To HER MAJESTY'S CONSULS,
etc., etc., etc., IN CHINA.

Translation of letter from H.E. Hoppo Hung to Mr. C. A. Winchester,
H.B.M.'s Consul, Canton, announcing decision to open
a Custom House on the Shanghai model.*

Hoppos having been appointed to each of the five Treaty Ports to supervise the collection of Customs, the Kiangwan Hoppo established Commissioners of Customs at Shanghae sometime back.

Mr. Inspector General Lay, therefore, bringing instructions from His Excellency the Imperial Commissioner to assist me in looking after the Foreign Duties, I consulted personally with His Excellency the Acting Governor General, and as it was to the advantage of the Customs revenue, and had long been in force at Shanghae, we decided that the system should be established.

Taking Shanghae then as a model I have established full and assistant Commissioners, appointing Mr. Fitz-Roy Commissioner, and pending his arrival Mr. Glover Acting Commissioner, Mr. Hart Assistant Commissioner, and Mr. Matheson Assistant Commissioner at Whampoa.

I have directed them to assume the duties of their several offices here and at Whampoa from the 24th instant, and now communicate with you to inform you of it, and in the hope that you will make the merchants of your honourable country thoroughly acquainted with its particulars.

I will send you the regulations I have drawn up tomorrow, to enable you to make yourself thoroughly acquainted with them for your guidance.

13th October 1859.

*Translated by CHALONER ALABASTER,
Interpreter.*

* F.O. 228/267: Enclosure in despatch No. 39, Winchester to Bruce, 17th October 1859.

Despatch from Hon. F. W. A. Bruce, British Minister to China, to
Hon. John E. Ward, U.S. Minister, on action open to
China to protect her Revenue.*

SHANGHAE, 9th November 1859.

MY DEAR SIR,

In looking over the past correspondence I find three cases, which throw considerable light on the view taken by the British Government of the extent to which the Chinese are entitled to go to protect their revenue.

In one case at Foo-chow-fuh two boats engaged in contraband transaction were seized and confiscated together with their produce by the Chinese Custom House. It was referred home, and Lord Clarendon directed no steps to be taken, as the confiscation was legitimate. The other two cases are those of the "Wynand" and the "Paou-shun" which made a great noise here at the time. The first vessel the "Wynand" was loading rice near the mouth of the Woosung river, but outside the limits of the Port. She was seized by the Foreign Inspectors, brought into the Port, and obliged to unload the rice which was confiscated. There was a long correspondence about the abstract right to seize, as well as the particular circumstances of the case. The decision of Lord Clarendon in conformity with the opinion of the Law-Officers of the Crown, sustained the legality of the confiscation.

The "Paou-shun" had, in violation of the Regulations, reported herself in ballast, the Master having, unknown to the owners, taken cargo on board, and presented no manifest. The inspectors refused to give her a clearance, unless \$500 were paid as a penalty for the infraction of the Regulations. There was much discussion as to the fact, of there being or not an intention on the part of the owners or Master to commit a fraud on the Revenue. The conclusion finally arrived at by the Law-Officers, was that the absence of such an intention was not sufficiently made out, and Sir J. Bowring was directed not to apply for the restitution of the penalty which had been paid by the vessel.

I think these cases are in accordance with Mr. Cushing's principle that questions connected with duties as they arise out of an International Tariff Settlement, are diplomatic and do not fall within the judicial attributions of Consuls; and that when the British Government determined in conformity with the American Treaty, on relieving its Consuls from any share in the collection of

duties for the Chinese, it decided not to deprive the Chinese of those summary powers of self-defence, which every country has found it necessary to adopt, to prevent frauds on its Revenue. Of these the right to confiscate, and to refuse a clearance until penalties for breach of regulations (a mild substitute for confiscation) are paid, appear to me to be indispensable, and the remedy in cases of abuses, is by application through the Consul to local authorities, and, if redress be denied, to the Minister. I do not apprehend that the recognition of this power as belonging to the Custom-House will cause us any serious embarrassment. We shall always have influence enough to bring its officials to reason, for our Customs' difficulties in China have arisen from the weakness and corruption, not from the violence and excesses of the local authorities—and the benefits of the lax and unequal system that prevailed, have been reaped by the Merchants and shipping of the Unrepresented, at the expense of those of the Treaty Powers. This is the embarrassment which led to the Inspectorate at Shanghae.

I quite concur in your opinion however that regulations ought not to be prescribed without communication with the Consuls of the Port, and without previous reference to the Ministers, should the Consuls object to them as contrary to the Treaty. But I also think that the Consuls ought to follow the example of their Minister, and that it would be well, if they were in these cases to act as much as possible in concert. If there are treaty objections to regulations let them be specified and discussed, if there are unnecessary restrictions or impediments to trade and shipping, let them be pointed out and improved. It is on these points of detail that a Consul can with great advantage give his opinion; the less he has to do with the general question, the better. Its decision belongs to the Ministers, and the discussion ought to be as much as possible confined to them. We come with unbiassed minds, and don't look on the general question through the mist of local interests and prejudices.

As respects the constitution of the Custom-House, I apprehend no one can contest the principle, that the Chinese are entitled to employ, and put at its head anyone they choose. This is the main distinction between it and the Inspector-ship-system, in which the Treaty Powers were to a certain degree morally responsible for the nominees of their Consuls. But in the interest of the Chinese Government, and in order to conciliate and give confidence in it to the different trading communities, I think the more hybrid it is, and the less open to the charge of representing one foreign nation exclusively, the more smoothly and satisfactorily it will work.

No one has pressed this view on Mr. Lay more than myself, and I am convinced that he is aware of its importance. But his position is a very difficult one, for he is responsible to the Chinese for the good conduct and efficiency of the Europeans he introduces into the establishment. Mr. John Heard, and Mr. Williams know the difficulty he has experienced in finding Americans who would be agreeable to their own community. I have no doubt that it will be got over at last. On the other hand if the doctrine of national representation be laid down too broadly, an element of rivalry and dissension will be introduced destructive to the efficiency of the establishment, and if it happens that you have to complain of the proceedings of an English Inspector, or I of those of an American, it is to be feared that the question of his removal will excite national jealousies, and will become a test of the degree of influence the British or American Minister respectively exercise. I do not apprehend that such a consideration will weigh much with any Minister worthy of his office, but I am by no means sure that it will not operate among our subordinates. I venture to make these remarks unreservedly, as I lived in Egypt for four years, where extended intercourse and commerce having rendered necessary an improved administration, and the consequent employment of Europeans, I have had some experience of the difficulties we have to expect.

The embarrassment that arises from the jealousy of distinct nationalities, is, as far as my experience goes, a more serious obstacle to the introduction into the East of the advanced ideas, and improved administration of the West, than any that grow out of the conduct of their Government, and can only be put down by a thorough concert among the Ministers, and an honest determination to aid each other in carrying out the new system on such conditions, as will make it efficient, and afford reasonable guarantees to the different interests involved. I can assure you that you will never find me reluctant to acknowledge what is due to a large trading community like that of the United States whose objects are identical with our own.

I remain, etc.,

(signed) F. BRUCE.

HIS EXCELLENCY,

THE HONBLE. JOHN WARD, etc., etc., etc.

Despatch from Hon. F. W. A. Bruce, British Minister to China,
to Right Hon. Lord John Russell, H.B.M. Secretary of
State for Foreign Affairs, on introduction of new
Custom House system at Canton.*

SHANGHAE, 21st November 1859.

MY LORD,

As Your Lordship receives directly from Mr. Vice-Consul Winchester information of what passes at Canton, it is unnecessary for me to do more than refer to the opposition Mr. Lay has met with in endeavouring to introduce a Custom-House system at that Port analogous to that which has worked so successfully at Shanghai.

The merchants in general object to the additional formalities and regulations, which are required to work the new system efficiently. The river-steamers, which ply between it,—Hong-Kong and Macao, and which form an important interest, complain of the restrictions to which they will in future be subjected.

In passing from a state of license and freedom from interference to one of comparative restriction, opposition was to be expected, and I am not prepared to deny that the stringency of the new rules may be modified in some respects with advantage, but after making allowance for reasonable and legitimate objections to points of detail, I am inclined to believe that the vehemence of the outcry is a measure of the undue advantages enjoyed at the expense of the Chinese Revenue through the lax and corrupt administration of the native Custom-House, of which those interested, whether foreigners or Chinese, fear that in future they will be deprived.

When Mr. Lay left Shanghae for Canton I addressed a Circular to Her Majesty's Consuls directing them to assist him if required, and pointing out the language which they were to use in discussing it with the Chinese Authorities, as containing the views of Her Majesty's Government on this important question. Mr. Winchester has accordingly approved of the proposed Regulations with some amendments introduced at his suggestion, and no protests against them have reached me from Her Majesty's Subjects, though there is an impression among them, I believe, that greater facilities to Trade might be afforded without compromising the success of the system. I need not assure Your Lordship that I shall most willingly lend them any assistance in my power in effecting so desirable an object.

*F.O. 17/313: Bruce to Russell, despatch No. 48, 21st November 1859.

Mr. Perry however, the Consul of the United States, has taken a different course, and has declared, I know not on what grounds, that the Regulations are contrary to Treaty, and that he will not allow them to be put in force against American vessels. I understand that he has written in this sense to Mr. Ward, and that he is very generally supported in his refusal by the American merchants resident in the South.

On conversing with Mr. Ward on the subject I found that these representations had not been without weight, and that he was doubtful as to the extent of the jurisdiction which in conformity with the Treaties could be exercised by the Chinese Custom-House. He seemed to consider it entitled to seize goods illegally landed, and confiscate them, the remedy in case of an abuse of this power being an application through the Consul, acting not in his judicial capacity but under his power to claim redress for a violation of Treaty. He hesitated however in allowing a Chinese Administration to impose and levy penalties for the breach of regulations.

I confess myself that when the Ministers of the Treaty Powers agreed to confide to the Chinese Government the duty of levying its own revenue, it appears to me, that they tacitly conceded to it the authority necessary to protect itself, and among other powers that of exacting penalties for breach of regulations, such as breaking bulk, presenting false manifests, etc., etc. without which no Custom House can possibly be made to work. The opinion of Mr. Cushing, on which the Act of Congress was founded to give effect to the American Treaty, lays down the doctrine broadly, that the Chinese Government cannot sue, as a Government, in the Consular Courts of the United States, and this being the case, I do not see how the Chinese Custom-House (setting aside considerations of national dignity) could appear to prosecute offenders for breaches of its fiscal laws. Sir Henry Pottinger did indeed by Ordinance make breaches of regulations offences cognisable in the British Consular Courts, with a view of rendering the Chinese Government all the assistance in our power to give, but as the Treaty does not take away the inherent right of the Chinese Government to protect its revenue, this special legislation cannot affect it, and must be held to be, as he intended, an aid to, but not a substitute for, it.

Your Lordship will easily gather from the correspondence in the case of the "John Dugdale," and of the steamer, the "Canton," and from the elaborate discussion this question has undergone at the hands of Her Majesty's Plenipotentiaries in succession, that this attempt to enforce fiscal regulations was abandoned as impracticable,

both on account of the reluctance of the Chinese to avail themselves of it, or even to accept fines when imposed by the Consul, and also on account of the odious and invidious position in which Her Majesty's Consuls were placed in comparison with the Consuls of other Powers. But even if the Consuls of the Treaty Powers were empowered by their respective Governments to entertain such cases, and supposing that the Chinese consented to apply to them for the infliction of penalties, I must remark that the difficulty would not be surmounted. We should still have to deal with the ships of nations, who have unpaid Consuls, themselves merchants. Their natural tendency would be to recommend themselves by unduly favoring the ships and commerce of the nations they represent, and if they did not, less scrupulous agents than the present ones would be easily found. They would not enforce the regulations with the same impartiality, and the regulations would either cease to be observed, or the anomaly, from which we have hitherto suffered, would reappear—of the non-Treaty Powers gaining advantages at the expense of those who have opened the door for them.

I concur however so far in Mr. Ward's opinion as to recognise the impossibility of a British Subject being fined by a Chinese Authority, but I think that the matter may be so dealt with as to involve no encroachment on the exclusive jurisdiction secured over Her Majesty's Subjects to their own Authorities. The Custom-House is authorised to refuse the grand chop, or port clearance to vessels that have not paid all dues and charges. When a ship has broken the regulations, the penalty for so doing may be included among the charges due, and payment demanded before it is issued—the Consul withholding her papers until this is done. Should a penalty be unjustly levied, or be excessive, the Consul will address the proper Authority on the subject, remonstrating against it as an act of oppression and violation of Treaties. It would then be for the Administration to show that its demand was justified by the nature of the case. In short it would be dealt with as a *political*, not as a *judicial* question.

Mr. Ward also remarked, though in a very friendly manner, on the exclusively English character given to the establishment, and the force given to this objection, when urged by his countrymen, by the recent dismissal of the only two Americans hitherto employed in it. In the expediency of avoiding this cause for national jealousies I entirely agree, and my advice to Mr. Lay has always been very decided on the necessity of not giving grounds for attack on this point. I think it of great importance that the Treaty Powers should be represented in the Custom-House, and that their Representatives

should thus have an interest in supporting it in the exercise of its legitimate authority—for I am convinced that the support of the Chinese Government cannot be looked for, if any one of the number were to seek seriously to attack or embarrass it. But Mr. Lay, though he has repeatedly tried, has had great difficulty in finding others than Englishmen on the spot, who could be recommended, and the influx of young Englishmen lately is due to the fact, that he had an agent (Mr. Fitzroy) in England, on whom he could thoroughly depend in selecting persons for employment. Those whom I have seen appear persons of a very superior stamp.

Mr. Ward appeared to feel that the opposition of the American Consul at Canton had been met rather cavalierly, and that when he objected to the regulations, they ought not to have been brought into operation, until the American Minister had been consulted. I think it would have been both wise and politic to have adopted this course, though Mr. Lay probably was influenced in disregarding Mr. Perry's declarations by the fact that Mr. Perry stated no specific objection to the regulations, that they were approved of as in conformity with Treaties by Mr. Vice-Consul Winchester, an officer of sound judgment and of much experience, and that having procured the assent of the Chinese Local Authorities to the introduction of the system, it was necessary to act immediately, and not allow time for the corrupt tribe of Chinese Fiscal Officers and Linguists to thwart him by secret intrigues.

I thought it advisable after discussing the question verbally with Mr. Ward, who was on the eve of leaving for Canton, to state briefly on paper the views I apprehend Her Majesty's Government entertains on the legal powers of the Custom House, as exemplified in the cases of seizure made by the Inspectors, and also to give my opinion frankly both as to the personnel of the Custom-House, and the course to be adopted in promulgating regulations. This letter, together with Mr. Ward's reply and a further note of mine, written after an interview I had on the receipt of his letter the evening before he embarked, I have the honor to enclose.

Mr. Ward's language in our conversations was as always friendly, and he admitted fully the advantageous effect on the Chinese Government of seeing an important branch of administration conducted efficiently and honestly by foreigners and of the frequent intercourse between them and high provincial authorities to which it must lead. But while agreeing in the general principle, recognising most fully the necessity of acting in concert, and stating his concurrence in the views expressed in my letter, he still asserted, that it was impossible for him in the face of the protests and

remonstrances of his countrymen, to consent to the Americans being unrepresented in the Custom-House, and that he should insist on modifications in the proposed regulations in order to facilitate and expedite commercial transactions.

It struck me however that he was inclined to be guided too implicitly by the opinions of an American merchant, whom he named, a gentleman justly I believe esteemed for his honorable and high character, but who is a party interested in the question, and not therefore an unbiassed judge in deciding on the conflicting rights and pretensions of the Custom-House and of the mercantile community; and after our last interview I addressed enclosure "three" to him to state that on examination I found nothing contrary to Treaty in the regulations, and that the position of the Ministers being that of arbitrators in this question, I could not consent to place myself blindly in the hands of either party.

Mr. Wade has at my request written to Mr. Lay, urging him strongly to lose no time in waiting on the American Minister on his arrival at Hong-Kong, and to make such reasonable concessions, as, judging from Mr. Ward's conversation, rather than from his letter, will be sufficient to satisfy his scruples. It is true that Mr. Ward has not stated on paper the precise amount of concession he requires, and it would have been difficult, if not impossible, to have arranged these details here. But I have no reason to doubt that he will, as he assured me, meet Mr. Lay with a disposition favorable to the system, and that he will give due weight to the difficulties and necessities of his position, while insisting on a fair consideration of American interests, and on those of commerce in general. I shall be much disappointed, should this prove not to be the case, for I do not anticipate, judging from my intercourse with Mr. Ward, that I shall readily meet with an American colleague, who will deal with these delicate questions in a more fair and liberal spirit. It is indeed much to be regretted, looking to the advantage of the harmonious action of Foreign Representatives in this country, that the system pursued by the United States in its appointments deprives us of his co-operation at a moment when the experience he has acquired renders his presence peculiarly valuable.

Mr. Wade has at the same time directed Mr. Lay's attention to the claims of the French Government to be represented in the establishment. I find that M. de Bourboulon, while co-operating most fully with me at the present conjuncture, is of opinion that as a matter of expediency and even perhaps of right the Custom-House should represent the different Powers, who have concurred in establishing it.

I trust Your Lordship will approve of my having endeavoured to effect an amicable settlement of these conflicting pretensions, and of my not having met them with an uncompromising assertion of the abstract right of the Chinese Government to employ whomsoever it chooses. There is one person, Mr. Lay, whose services could not be dispensed with by the Chinese Government unless it abandoned the attempt to organise a Custom-House on European principles. But as to the inferior appointments it is perfectly indifferent, and it is only interested in seeing that they are made with a due regard to efficiency, and that they do not embarrass it by giving rise to complaints from Foreign Powers. Were I to dwell much under present circumstances on the abstract right of the Chinese to choose its own servants, my advocacy would inevitably be attributed to a desire to keep the Custom House exclusively in the hands of Englishmen, and a suspicion would arise that we sought to acquire an exclusive influence through its means in China. The success of an experiment, destined if fairly carried out to exercise a most happy influence on Chinese Administration would thereby be seriously endangered.

I have the honor to be, with the highest respect,
My Lord,

Your Lordship's most obedient, humble Servant,

FREDERICK W. A. BRUCE.

THE RIGHT HONBLE.

THE LORD JOHN RUSSELL, etc., etc., etc.

Despatch from Hon. John E. Ward, U.S. Minister, to Mr. O. H. Perry,
U.S. Consul at Canton, on Hoppo's action in publishing new Custom
House Regulations without the Consul's approval.

LEGATION OF THE UNITED STATES,
MACAO, Dec. 12th 1859.

SIR,

I have received your communications enclosing your correspondence with the Hoppo of Canton in relation to the Custom House Regulations, which he had proposed to establish without having first submitted them for your consideration.

Your conduct in that matter commands my entire and cordial approval.

No Rules or Regulations should be established at any of the open ports until they have been first submitted to the Consul of that Port for his examination. If he should believe that they are in accordance with the Treaty, then it becomes his duty to approve them and give all the aid and assistance in his power to the Chinese Government and their authorized officers in carrying them into effect.

If there should be any rules which he thinks inconsistent with the Treaty, he should then submit such rules to the Minister for his action.

I have also received your communication enclosing me a set of Rules, which has been submitted to you by Mr. Lay, the Superintendent of the Chinese Customs, for your approval. The Chinese Government has the unquestioned right to appoint any one Superintendent of their Customs, whether he be a Chinese or Foreigner; they have the right to vest him with as much power as in their discretion they may consider wise or prudent, and to make such rules and Regulations as they may think necessary and proper, provided the power with which their official is clothed does not conflict with powers vested by Treaty in American Officials; and provided these Rules and regulations are not in conflict with the stipulations of the Treaty.

Whilst I see nothing in these Rules contrary to our Treaty Rights, there are some of them which require to be commented upon before they are approved.

First.—The second rule as now altered requires that the manifest to be reported to the Customs should contain the “nature of the cargo.” This is adopting the very language of the Treaty, and, like the Treaty, should be so continued as to carry into effect the meaning and intention of the Framers. To be more explicit in the requisition; to demand the numbers, marks and contents of every box or package, would be requiring what could not be given in many cases, not necessary in others and only embarrassing to the Captains of vessels; on the other hand, a mere vague and general report would defeat the object of the Treaty and Rule. I understand by the term “nature of the cargo” such a description as will enable the Custom house officials to regulate their conduct in affixing the Duties, and for this purpose as full and ample a description, as the Captain is able to give, should be given: without this full and definite report, that clause in the Treaty which was made for the protection of the Revenue, would be a nullity.

I cannot believe that any American Captain will hesitate to give such a report; or that the Custom house officials will be unreasonable in the particularity required, and therefore I apprehend no difficulty in the practical operation of this Rule.

Second.—The eleventh Rule requiring the permits to be signed at Canton and Whampoa, and the goods to be taken to the jetty when going to and fro between Whampoa and Canton, is not only in conformity with the Treaty, but is absolutely necessary for the protection of the Revenue, as the Trade is carried on at those ports. *I say ports* because Canton and Whampoa must in the consideration of this question be considered different ports.—Custom house officials are necessarily placed at both points. American officials are also stationed at both places, although they are under the same jurisdiction. This is necessary from the great distance which the goods have to be taken, when they are discharged from one place to be landed at the other, or exported from one place to be transhipped at the other.

By the nineteenth Article of the new Treaty, no master is allowed to discharge cargo without a permit. What is the object of this permit? It is expressed in the article itself that the Custom house being possessed of the knowledge of the articles about to be landed, may properly collect their revenues; if goods are placed on board the cargo boats at Whampoa with a permit to land them at Canton, and that permit is not to be exhibited at Canton and the goods to be landed without examination, why might they not take fifty packages from a ship which they had permission to land, and

after leaving that ship receive on board from some other vessel fifty more packages, which they had not permission to land, and going up to Canton land them without the knowledge of the Customs and without payment of dues, thus defeating the whole object of that Article in the Treaty? A very grave question arises under that portion of the new Rules and Regulations, which declares that for failing to comply with these Rules and Regulations the goods shall be subject to confiscation and forfeiture as to where the power exists to enforce such penalties. By some, it is alleged that the power exists alone in the Chinese Government. By others it is contended that the power under our extraterritorial system alone in the American Consul with an appeal to the American Minister.

Neither of these is the correct opinion. It certainly does not exist in the Chinese Authorities, because they have no jurisdiction over the Citizens of the United States; it does not exist in the Consul, because he can only exercise the judicial powers which have been delegated to him, and they are where controversies arise between Citizens of the United States and in such other cases as are stated in the Treaty. Controversies between the Citizens of the United States and the Chinese Government are not among them.

Mr. Cushing, the author and framer of the Treaty at Wanghia, whilst Attorney General of the United States, in a very able opinion upon that Treaty, after a most learned examination of this question, declares: "The Consular Courts cannot entertain a suit by the Government of China, and the settlement of disputes in relation to the Customs is political and not judicial action." He says further:—"If it be desirable on either side to change the provision of the Treaty in that respect, and to open the Consular Courts to the Chinese Government for the collection of Duties and to that and all other governments as Courts within the United States are, an opportunity will be afforded during the next year, when by the terms of the Treaty, it becomes subject to amendment and revision. (Art. XXXIV). But whether any such change be expedient or not is a diplomatic question for the determination of the President."

This opinion was given to the Government on the 19th of September 1855; since then the Treaty under which we are now acting has been negotiated and approved by the Government and no such change has been made.

I am bound therefore by that opinion of Mr. Cushing that it is a political action requiring the concurrence of both parties.

If there should be a breach of the Rules and Regulations made in conformity with the Treaty, the Chinese Government have undoubtedly the right to seize the goods; without this power, the whole revenue system would be a nullity.

The Consul has no officers in his employ with which to guard the Customs, and is not expected to perform this duty; but, after goods have been seized then, for their forfeiture, the joint act of both parties is required, and it becomes the duty of the Chinese Custom house officials the moment they have seized the goods to notify the American Consul of such seizure, and the cause, when it will become his duty to investigate the matter; and, if the offence has been committed to join with the Chinese Officials in enforcing the penalty. If they cannot agree, the whole subject should be referred to the higher officials of the two departments.

A forfeiture of the goods by the Chinese Authorities alone, without the coöperation of the American Consul, would be an usurpation of power not possessed by them, because it would be an exercise of jurisdiction over American Citizens and property, and this ought not and would not be tolerated.

In returning the Rules to Mr. Lay with your approval, you will please furnish him with a copy of my opinion.

I remain, etc.,

(signed) JOHN E. WARD,
Commr.

To OLIVER H. PERRY, Esq.,
U.S. Consul for Canton.

True copy, CHARLES A. WINCHESTER.

Translation of despatch of 21st January 1861 from Prince Kung,
Head of the Tsungli Yamén, to Mr. H. N. Lay, appointing
him Inspector General of Customs.*

The Prince of Kung, Imperial Commissioner, issues the following instructions:—

Whereas the supplementary Treaty and Tariff negotiated by England, France, and America lays down in Article X that, in order to the protection of the revenue one system shall be adopted at every port, and that if it seem good to the officer deputed to administer the Customs Revenue, he shall employ foreigners to assist him, *whom he shall procure without foreign recommendation or intervention etc.*; and whereas it appears that while the Inspector of Customs Li-Tai-Kwoh (Mr. H. N. Lay) has aided in the collection of duties in the Kiang Hai Customs (Shanghai), there has been a satisfactory improvement therein, the Prince seeing that with the additional number of ports now opened, strenuous exertion will be more than ever required, does now appoint Li-Tai-Kwoh to aid therein, and to exercise a general surveillance over all things pertaining to the revenue or foreign trade.

It will be the duty, therefore, of the Inspector General aforesaid to aid the officers deputed to collect the revenue at the different ports, in accordance with the Treaty; proceeding with fidelity (or zeal): not allowing foreigners to sell goods for Chinese or the goods of Chinese merchants to be clandestinely included in foreign cargoes, with a view to the commission of frauds; also to distinguish carefully exports from imports, and to prevent the one being confounded with the other. And whereas it is impossible for the Chinese Government to form an estimate of the merits of the different commissioners and other foreigners engaged in the public service at the ports, the Inspector General will be responsible for the misconduct (lit. unsatisfactoriness, unsteadiness) of any of these.

Their salaries will be in proportion to the amount of revenue collected (or, collectable) at each port, and will be settled by the Customs Authorities with the Inspector General. There must be no excessive expenditure. It will be for the Inspector General to see what men of what nation will do the duty well, and to charge them with it accordingly. His responsibilities are very serious. Li-Tai-Kwoh has ever been found a diligent and trustworthy person, and it is for this cause that the Prince appoints him to do this service.

Having accepted this serious responsibility, the Inspector General must be just, and energetic, enduring in pains. He must not allow the Inspectors or the other employés to trade; and if there be anything unsatisfactory in their conduct, he must dismiss them.

The Inspector General must not disappoint the great confidence the Prince reposes in him.

A special instruction addressed to the Inspector General Li-Tai-Kwoh. Hien-Fung, 10th year, 12th moon, 11th day (21st January 1861).

Discharge of goods before issue of Customs Permit.

No. 8.

CANTON, 21st September 1861.

SIR,

I have to report to you the circumstances relative to the illegal landing of certain goods by Mr. C. S. Matheson.

On the 14th instant (Saturday) Mr. C. S. Matheson made a written application, as per enclosure *a*, which document reached the Customs at half past 10 o'clock. Mr. Wright sent it to the shed to have the necessary examination made, preparatory to the issuing of the Customs Memo: The line "10 cases Long Ells—1,200 changs" led Mr. Markwick to think that the measurement had been taken, of exactly Twenty four yards to the piece, and the number of changs arrived at, under the old custom, before the new Treaty came into force, of allowing one hundred and forty four inches to the chang, which would make exactly 1,200 changs. This kind of goods being always imported into this market twenty pieces to the Bale, each piece measuring twenty-four yards in length, the correct calculation would show on this lot, taking 141 inches to the chang, a total of 1,225 changs. As merchants prefer that this kind of goods should not be opened, because the value of them is thereby to a certain extent lessened, it is not the custom to open them, provided the correct measurement is handed in. In consequence of this Mr. Markwick returned the application to Mr. Wright, who wrote a line to Mr. Matheson, asking for the number of pieces and yards, to enable the Customs to arrive at the exact measurement. This letter was written a few minutes after 11 o'clock. About half past 11 o'clock document *b* was returned.

Application from Mr. Matheson as per document *c* had also been handed in about 10 o'clock for 360 Bales Grey Shirtings, one case books, and six cases Ironmongery, these goods all being from the same vessel, the "Lord of the Isles" and brought up in three cargo-boats. This latter has nothing to do with the merits of the case, other than there being four cargo-boats (*i.e.*, one with the Quicksilver, Spanish Stripes, Long Ells, Camlets, etc., as per application *a*; and three with Grey Shirtings, as per application *b*) from one vessel, to one house, it was the intention to send a Customs Memo. for all the goods at the same time and not make two errands.

Saturday was showery, and it was only between the showers that the examination was made, in order that the goods should not be damaged. At about 2 o'clock the weather cleared up, and the examiner went to complete the examination of the cargo-boats, when he found that the one, with the goods as described in application *a*, had left her anchorage, and gone over to Messrs. Jardine, Matheson & Co.'s godown, and was discharging there, not only before a permit had been issued, but before the necessary examination had taken place. This was at once reported to me, and I sent a tidewaiter to the cargo-boat, with instructions to take her, and bring her back to her anchorage, with such goods as remained on board. The cargo-boat was reported to me to be back to her anchorage at about 3 p.m.

The examination of the three boats, with the cargo on board, referred to in Application *c*, proceeded in the usual manner, and before 3 p.m. a Customs Memo. was sent over to Mr. Matheson for the contents, say 360 Bales Grey Shirtings as per enclosure *d*.

At about half past 5 o'clock, Acheen, as representative of Messrs. Jardine, Matheson & Co.'s Compradore, called to say that the Bank receipt issued for the 360 bales Grey Shirtings had been lost, through the carelessness of Messrs. Jardine, Matheson's coolie, and asked if a permit would be granted on his guarantee. Reply was made that if the Bank would give a Certificate to the effect that the duty had been paid, and Acheen would give a guarantee to hold the Customs harmless in case of the reproduction of the Bank receipt, permit would be granted. Acheen's Agent (Purser or Shroff) immediately went to the Bank, accompanied by Chow Hing, a Linguist employed by the Customs, who was sent by a Customs Clerk to facilitate the procuring of the Certificate, so that there should be as little delay as possible. He returned with a document as per enclosure *e*, upon which Acheen gave his guarantee, as per enclosure *f*, and the goods were released at half past 6 p.m.

This ends the account of the goods on board the three cargo-boats, and I have given you these particulars because Mr. Matheson complains of detention and from which it can at once be seen that if any detention has taken place, it has been through the negligence and informality of Mr. Matheson.

I now return to the account of the one boat which had broken the regulations by going to the godown and discharging goods before the permit had been issued. As I have before said, the cargo-boat was reported to be back to her anchorage at about 3 p.m. I at once sent examiners (one European and one Chinese) to the cargo-boat to make the examination of the remaining goods; in about half an hour I was informed that it would be impossible to get a correct account of what was on board the cargo-boat, unless many of the bales and cases were opened and to do this much time would be consumed, and they probably could not get through before 5 o'clock. As the office would then be closed, and there would be no Chinese Clerk to issue a Customs Memo. at that hour, I replied that the examination must be delayed until Monday. Another reason for the delay was, as long as these valuable goods were covered or cased, no damage by dirt could arise to them, and if examination was proceeded with, and yet could not be finished before the office closed, the open goods would have been exposed to injury all Saturday night, Sunday, and part of Monday morning.

Saturday evening at 7 p.m. I received a private note from Mr. Matheson, for copy of which see enclosure *g*, to which I replied as per enclosure *h*. At 8 o'clock p.m. I received an official as per enclosure *i*.

Monday morning as soon as the office opened the examination was made, and it was found that there were still on board.

424 Flasks Quicksilver
40 Bales Grey Shirtings
12 Cases Camlets
4 " Spanish Stripes
3 " Medium Cloth.

for which Customs Memo. was issued as per enclosure *k*, which was sent to Mr. Matheson in an official from myself, for copy of which see enclosure *l*, a bank receipt was duly handed in, as per enclosure *m*, after which a release permit was issued and the goods left the Customs at about 1 o'clock p.m.

On taking the above amount of goods on which duty was paid, and comparing it with list *a*, it will be seen that there are wanting the following goods, viz:

1	Case Spanish Stripes
5	" " "
5	" " "
1	Medium Cloth
18	Camlets
10	Long Ells

therefore it is evident that these were illegally landed.

I duly reported the facts of the case to H.E. The Superintendent of Customs, who wrote a despatch to H.B.M. Consul Robertson, copy of which I hand you herewith, as per enclosure *o*, to which no answer has yet been received, although a week has elapsed since the transaction.

I am, etc.,

(signed) G. B. GLOVER,

Commissioner of Customs.

ROBERT HART, Esquire,

Inspector General.

P.S.—Since writing the above, I have referred Mr. Matheson's private note to Mr. Markwick, who has replied as per enclosure.

I have also made enquiry of the cargo-boat people why they went to the godown, and they say, "it was stormy and they had waited a long time, and they thought that it was just as well to get rid of the goods early." This is all the reply that I can get at present.



No. 13.

TIENTSIN, 11th October 1861.

SIR,

I have received, with its enclosures, your despatch No. 8 of the 21st September giving a detailed account of the Customs' proceedings in the case of goods landed without a Permit from the "Lord of the Isles" by Mr. Matheson. I entirely approve of all you have done, as reported in the despatch in question.

I have now to instruct you to advise the Superintendent of Customs to press most strongly for a Consular warrant to enter the godown and take therefrom the goods that were illegally landed. Upon the goods having been delivered up to the Customs, you will advise that a despatch be written to the Consul informing him that they are confiscated and that the day,—which you need not particularise,—has been fixed for their sale; and you will have the goodness to dispose of them by public auction on the third day after the despatch of the official communication to the Consul.

Should the Consul object to issue the warrant, you will advise the Superintendent of Customs to report the case to the Tsung-le Yamén, enclosing in his despatch copies of the letters that have passed between him and the Consul.

I am, etc.,

(signed) ROBERT HART,

*Offg. Inspector General of
Maritime Customs.*

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
CANTON.

Translation of Memorials and Imperial Decrees of 1861 on Opium;
Duty treatment of Native Produce in foreign vessels; Transit
Dues; Trade on the Yangtze; Drawbacks and
Exemption Certificates; etc.*

FIRST MEMORIAL.

Yih-soo, Prince of Kung; Kwei-leang, Secretary of State; and Wän-seang, Vice-President of the Board of Revenue—Imperial Commissioners for the Management of Foreign Affairs—memorialize reverentially, praying that the Board of Revenue may be directed to co-operate with them in the discussion and settlement of certain fiscal questions.

Since the conclusion of peace, not a day has passed in which your Ministers have not devoted their most serious consideration to the questions affecting the Maritime Revenue. It is on the Customs' collections that the Imperial Treasury depends for its funds; should, therefore, the slightest mistake be committed at the very outset of what must be regarded as the initiatory period, its consequences will surely make themselves severely felt at some future time. There is, besides, the foreign question; and, in order to the prevention of a recurrence of misunderstandings and disputes, it is more important than ever that the greatest caution should be exercised in all matters that concern the intercourse now commenced.

Your Ministers have taken advantage of the presence, in the Capital, of the Inspector-General of Customs, Hih-tih (Mr. Hart), to discuss many questions connected with fiscal regulations. Numerous and varied have been the considerations that presented themselves, and it is truly most difficult to comprehend thoroughly the abuses that have existed or that may result from further action.

Amongst certain regulations to which the Imperial assent was last year accorded, your Ministers proposed, that—while the total amounts of Customs' collections should be reported to the Foreign Office—the business of examining and auditing accounts should continue to be performed by the Board of Revenue, without any interference on the part of the Foreign Office. The Imperial assent to the proposition just stated being on record, your Ministers need not necessarily concern themselves with the matters now under discussion. But, inasmuch as foreigners are thereby affected, your Ministers would not presume to evade the responsibilities of their

position, by throwing upon others a difficult business shirked by themselves. If general interests can in any way be advantaged, your Ministers are fully prepared to apply themselves vigorously to the task, alike heedless of personal inconvenience and official misconstruction.

It is not as if your Ministers had, heretofore, had no acquaintance with revenue matters—your Minister Wän-seang is a Vice-President of the Board of Revenue; but one man's ability has its limits, and although he may be acquainted with some points, he may be ignorant of others, and in that way it might be difficult in the extreme to arrive at such plans as should fully put an end to the malpractices and abuses of Revenue administration.

Again, the adjustment of Customs' matters is the very work for which the Board of Revenue is constituted and responsible; and, were your Memorialists to take upon themselves the sole arrangements of the questions in hand, its own auditing duties might prove somewhat perplexing to a Board whose members had never themselves studied the subject, and who were altogether ignorant as to what might be unimportant and what otherwise. From this point of view, then, it seems expedient to pray that, by Imperial decree, the members of the Board of Revenue may be commanded to devote their best and most careful attention to the framing of Customs' rules for all the ports. The regulations, by the Board deemed requisite, having been there drafted, your Ministers can co-operate in the execution of the same; and, as regards all those points on which the views of foreigners must be ascertained, your memorialists will zealously apply themselves to their discussion with the ministers of Great Britain and France.

To sum up: Revenue rules carry with them facilities for malpractices and generate abuses; there must therefore be a general reform without partiality, and an entire washing away of the ills that have accumulated. The point to be aimed at, is such an arrangement as shall, on the one hand, give rise to no complaints on the part of foreigners, and which shall, on the other, prevent for the future the peculations and corrupt doings of the subordinates in the provinces. Business being attended to, with perfect rectitude and conjoint strength, a stop will be put to malpractices and abuses, and much benefit will accrue to the Imperial Revenue.

So soon as the regulations have been drawn up and conjointly carried into execution, the work of auditing accounts will devolve on the Board of Revenue, in accordance with the arrangement that has been sanctioned.

It is with a deep conviction of the importance of these Revenue questions, that your Ministers have now embodied in this memorial the reasons which seem to them to call for the co-operation of the Board of Revenue, and their respectful prayer now is that an Imperial decree be issued, commanding the Board to act in accordance with the suggestions made.

A respectful memorial.

THE IMPERIAL DECREE, IN REPLY TO THE FIRST MEMORIAL.

The Prince of Kung and colleagues pray that the Board of Revenue may be directed to co-operate with them in the settlement of certain Revenue questions, reporting that the Inspector-General Hart is now at Peking, and stating that so many and so varied are the points by them with him discussed, that, for them unaided, to attain a thorough comprehension of the attendant difficulties and abuses, is no easy task, etc., etc., etc.

We are quite aware that the memorialists are correct in their statement that the administration of the Maritime Revenue is but in its first stage, and that they themselves are unable to comprehend the abuses that are originated. But on this occasion of instituting new Custom's offices at the various ports and of (initiating) intercourse with foreigners, should the regulations decided on prove imperfect or unsatisfactory the result will be troublesome discussions. Further, the local circumstances of the various ports differ from each other, and probably the Board of Revenue might prove inadequate to the task of definitive adjustment.

Let, then, the Customs' regulations for the various ports be fully deliberated upon and drafted by the Prince and his colleagues, and let them present the same in a Memorial; the memorial will thereon be forwarded to the high officers superintending trade at the Treaty ports, whose duty it will then be to consult and determine, taking into consideration local circumstances and requirements. Let all concerned exercise the utmost care in cleansing without partiality, and in washing away, the corrupt practices that have accumulated, in order that foreign merchants may have neither reason for complaint nor foundations on which to ground other demands.

Let these orders be communicated to the Memorialists.

Respect this! 19th June 1861.

SECOND MEMORIAL.

Yih-soo, Prince of Kung; Kwei-leang, Secretary of State; and Wän-seang, Vice-President of the Board of Revenue—Imperial Commissioners for the Management of Foreign Affairs—memorialize reverentially, again introducing Revenue affairs, and presenting to the Sacred Glance a statement of the nature and results of their deliberations.

Your Ministers—inasmuch as the administration of the Customs' revenue was in its earliest stage, and taking advantage of the presence in the capital of the Inspector-General, Mr. Hart—some time ago presented a memorial, praying that the members of the Board of Revenue might be commanded to discuss and arrange the various matters that called for settlement, and to co-operate with the memorialists in the enforcement of the regulations. Subsequently, your Ministers receive the Imperial Edict of the 19th June.

*(Here the Memorialists quote the Decree issued
in reply to their First Memorial.)*

The Sacred Solitude (of Your Majesty) is reverentially seen to be perfect in its completeness; respectful obedience is due thereto. In the humble opinion of your Memorialists, Customs' affairs not only affect the Imperial Treasury, but have likewise an important bearing upon the great question of quietness and peace; and, in praying for the co-operation of the Board of Revenue, the Foreign Office was actuated by the fact that a commencement was but just being made, and by a consciousness that action in the matter, inasmuch as it concerned foreign intercourse, was of the greatest moment.

The Decree received, however, commands your Ministers to discuss the matter themselves and to make such propositions as they may deem proper in a Memorial, which is to be submitted to the high Officers superintending trade, whom it directs to make the necessary arrangements in accordance with local requirements. Your Ministers would venture to remark that, in the event of adopting, as a mode of adjustment, merely accordance with local requirements, it is to be apprehended that the general question cannot possibly be so arranged as to secure completeness and uniformity. Your Ministers would not presume to sit by inactive, allowing, through their remissness or collusion, matters to take their own course.

Your Ministers, in their first interviews with Inspector-General Hart, discussed with him Customs business generally. He has now handed in nine reports, some of which refer to subjects on which your Ministers have not deliberated; the others, discussing questions that have already been under consideration, do not altogether correspond with the results that your Ministers, by themselves, had arrived at. The reports of the most importance are those that refer to opium and native produce.

As regards opium, your Minister Wän-seang took part in the discussion of the questions affecting it: but your Ministers, Yih-soo and Kwei-leang, had no share in the original settlement. It would therefore be advisable to lay Mr. Hart's report and memorandum, on the questions connected with the revenue accruing from opium, before the various Ministers to whose counsels the matter was originally confided; they should again be directed to make the proper arrangements.

As regards native produce, it is already among the Treaty stipulations that, on leaving any of the ports, it shall pay duty according to the rate laid down in the Tariff of Exports; but neither Treaty nor Tariff has distinctly provided for native produce carried from one Treaty port to another in foreign bottoms. Much misunderstanding has been thereby caused, and many malpractices have thence originated. Should inadequate provisions be drawn up, dishonest traders would in all probability avoid the heavy (duties) and embrace the light, thereby not only leading to Revenue deficits, but competing injuriously with the business of the (Chinese) commercial class. Again and again have your Ministers discussed this subject with Mr. Hart, their proposition being to the effect that native produce re-imported should at every office by it passed be taxed in the Chinese way: he agreed that such an arrangement could not be pronounced a wrong one, but he was apprehensive of its being met with many objections on the part of the authorities of the various foreign States.

Your Ministers had subsequently an interview with Mr. Bruce and Mr. Wade, who, by request, called at the Foreign Office, when various Customs' questions were minutely discussed. With respect to native produce, Mr. Bruce requested your Minister Yih-soo (Prince Kung) to place his propositions in writing, and communicate them to the English and French representatives at Peking, in order that they might be enabled to proceed thereon to ascertain the views of the merchants and effect an adjustment. Your Ministers thereon in an official communication made two propositions, either

of which they were ready to agree to on its being adopted by the foreign representatives: the first was that native produce, having paid a full export duty, if re-imported in foreign bottoms, should at the port of import pay a full Tariff duty, the amount accruing to the revenue from collections on such re-imports to be subject to the Indemnity deduction: the second proposal was, that native produce re-imported in foreign bottoms should pay a half tariff duty at the port of import, the amount therefrom accruing not to be subject to Indemnity deductions. And to each proposition, it was further appended that after the payment of the re-import duty, the commodities concerned should be subject to all the taxes and collections usual at the offices and barriers subsequently passed. The official replies to the despatches containing the above proposition, have not yet been received.

It is from the transport of native produce that the greater part of the inland revenue is derived, and it is in connection with such transport that frauds on the revenue and other abuses may be most easily originated. Your Ministers are of opinion that their proposition, if it can be carried out, will meet the difficulty, and prove beneficial to the interests of the Customs.

As regards the reports and memoranda presented by Inspector-General Hart, your Ministers would remark that, while they are of opinion that they contain many suggestions worthy of adoption, your Ministers would not presume to act at once upon them. They submit them to the Imperial eye in a separate document, in which are embodied such remarks as occurred to them in connection with the questions treated of. Your Ministers have likewise forwarded Mr. Hart's reports and the Foreign Office despatch relating to the native produce, to the high officers superintending trade, in order that they may carefully consider the same, and report thereon with all minuteness and speed.

Your Ministers now present a copy of their despatch relating to native produce, and offer to the Sacred Glance of His Imperial Majesty this respectful memorial, reporting the nature of their deliberations as regards the Custom's revenue.

A respectful memorial.

The Emperor's first reply to the above memorial consisted simply of the words: "A decree will be separately issued. Respect this!"

ADDITIONAL MEMORIAL COVERING MR. HART'S REPORTS AND
COMMENTING ON THEIR CONTENTS.

Your Ministers have repeatedly and with increased attention perused the nine reports handed in by the Inspector-General. The foundation upon which he grounds his statements and suggestions is, that, if an increase of revenue is to be looked for, rules and regulations must be devised of a kind that shall meet the requirements of the new state of affairs; and many of his recommendations are such as should by treaty be carried into effect. Your Ministers have repeatedly discussed all the questions with Mr. Hart during his visits to the Foreign Office. Although the reports, presented by him need not be entirely acted upon still, as they are by no means devoid of suggestions worthy of being adopted, your Ministers respectfully submit them with their comments thereon for the Imperial decision.

1st. *Trade on the river Yang-tsze.*—The memorandum makes import and export duties payable at Shanghai, permits shipment and discharge of cargo at pleasure between Hankow and Chinkiang, proposes that the river above Chinkiang be considered as the inner harbour of Shanghai, condemns the proposed establishment of Customs offices along the Yang-tsze, and states that by such an arrangement there need neither be evasions nor diminishment of revenue. As regards the Yang-tsze valley, your Ministers would remark, that the presence or absence of banditti cannot at any point or time be looked upon as certain; and were merchants to engage in clandestine dealings, it would be really difficult to establish cruisers for their apprehension. It is therefore expedient, for the prevention of frauds on the revenue, to collect duties at the general emporium; at the same time, if it be arranged that, while duties are to be paid at Shanghai, shipment and discharge of cargo shall be permitted at pleasure between Hankow and Chinkiang, it is to be feared that with such laxity traders will be under no control. The Governor of Keang-soo should therefore be directed to examine into the facts and local circumstances, and advise the measures by him deemed appropriate and satisfactory.

2nd. *Foreign ships carrying native produce coastwise.*—The memorandum says, that on native produce that has been carried out of port in a foreign vessel, the Chinese Government has no means of collecting any additional duty, but states that it would not seem unreasonable to demand a Transit due on such native produce as is re-imported. Your Ministers, however, cannot find in the Treaty or Tariff any clause or stipulations that can be laid

hold of, as prescribing for the treatment of native produce when re-imported; at the same time, there is not, in any of the Treaty articles, any special clause prohibiting such transport of native produce from port to port in foreign bottoms. Thus, at the discussions your Ministers had with Mr. Hart on this point, it was their wish to make the duties (on coasting trade) comparatively heavy, in order to prevent Chinese traders from taking advantage of the foreign cover, and to deter foreigners from going into the interior. In addition to what Mr. Hart had proposed, your Ministers thought of a re-import Transit due, or, failing that, collection of duties at the offices passed. Accordingly despatches were written to the English and French, proposing either that re-imported native produce should pay a re-import full Tariff duty, from which two-tenths might be deducted for the Indemnity, or that there should be no Indemnity deduction if admitted at a half tariff rate, and that in either case it should subsequently be liable to all taxes and collections at the offices and barriers passed. It is not yet known which proposal will be adopted; on the receipt of their despatches in reply, the matter will again be considered.

3rd. *Transit Dues*.—The memorandum states that, in order to the collection of Inland Transit dues, it is of the utmost importance that great care be taken to select appropriate and commanding points for Barrier Stations. It is of course to foreign goods entering the country, and to native produce leaving it, that Mr. Hart's remarks apply: they do not affect re-imported native produce. Your Ministers are also of opinion that appropriate positions should be selected for the Barrier Stations. Native produce leaving the country should produce the Barrier pass as proof (of payment of Inland dues), and foreign merchandise entering the interior should carry with it a Barrier pass to distinguish it (from Chinese goods). In this way, the goods imported and exported by foreign merchants would in all cases pay a Tariff duty and one Transit due (and nothing more). The mode of action is not yet completely arranged; but it will, when carried out, benefit the Imperial Revenue. A Transit due levied in this way is, too, provided for by the Treaty; and as it is an inland due, not a maritime duty, it is not liable to the Indemnity deduction. The high officers superintending trade in the north and south, should be directed to carry out the proposed arrangements.

4th. *Opium imported at the several Treaty ports*.—This memorandum states that about 70,000 chests of opium are annually brought to China, that the effect of a heavy duty on the drug is to place a premium on smuggling. It proposes two modes of

collection—1st, a heavy duty on import, say sixty Taels, the opium to be thenceforth, go where it may, free from all other tax or impost, or, 2nd, a collection, according to the Tariff rate, of thirty Taels from the importer, and subsequently of fifteen Taels from the Chinese purchaser, the payment of forty-five Taels to free the opium from all other charges while within the limits of the prefecture in which the Treaty port may be situate; after leaving the prefecture the opium to be taxed as deemed requisite by the local authorities.

Your Ministers would remark that opium is the great staple among foreign imports, and that the Treaty already provides that it shall pay duty at the rate of thirty Taels on import, and that, after leaving the port of import, it shall be taxed as to China may seem proper. Further, some time ago Mr. Wade complained that at Shanghai a committee was levying, in addition to the Import duty, a tax of fifty Taels, thereby infringing the Treaty stipulations and damaging mercantile interests. Your Ministers thereon applied to the governor of Keang-soo, for information, and he, in reply, reported that opium on entry paid, per picul, a Tariff duty of thirty Taels, and that, when sold to Chinese, the purchaser paid a Chinese duty of thirty Taels and a contribution of twenty Taels; that the only sum the foreign importer was called on to pay was the Tariff rate of thirty Taels, and that the other fifty Taels, being collected from the Chinese purchaser, did not in any way concern or affect the foreign merchant. Accordingly, your Ministers, in their discussions with Mr. Hart, always insisted upon it as a general principle, that the Chinese Government had the right, and was at liberty, to collect on opium whatever tax it pleased. Mr. Hart, however, always replied that there was a limit to the tax that opium could bear; that it ought not to be too heavy; that the Shanghai returns (of the after collections) exhibited no great success; that, even if his own plan of collecting only forty-five Taels were adopted, the duty would not be so low as not to tempt smugglers—for although he reckoned the import of opium at 70,000 chests annually, he would not calculate the opium revenue on more than 60,000; that if, after the payment of Tariff duty, the regulations prescribed a further collection of fifty Taels, such regulations would be merely nominal and to a great extent but waste paper; that there would be numerous evasions of the tax, and that afterwards smugglers would take their goods elsewhere, avoiding the Customs' port; and that the amount collected at a rate of eighty Taels would, in all probability, be less than the sums accruing to the revenue on a forty-five Taels tax. Your Ministers again and again discussed

the matter with him in all its bearings; the general bent of his argument was that, as regarded taxation of all kinds, the heavier the tax the more numerous would be the attempts at evasion, and that, with respect to opium in particular, reduction in the rate of duty,—while it would be a lessening of the tax on a specific quantity,—would be attended with an increase in the amount of opium reported for payment of duty. Your Ministers are of opinion that there is much reason in what he says; but, not being the parties who originally drew up the opium rules, they pray that the matter may be referred to the several high Ministers who took part in the first arrangements. With regard to Mr. Hart's proposition to make it obligatory on all Chinese dealing in opium to take out a licence, without putting any limit to the number to be licensed, the high Commissioners superintending trade at the Treaty ports, north and south (*i.e.* Hsieh at Shanghai and Tsung-how at Tientsin), should be directed to consider the proposition and report upon its feasibility.

5th. *Salt Revenue.*—The memorandum states that in the Kwangtung province, contraband salt and smuggled merchandise enter, from the sea, by the same waters, and recommends, for the prevention of smuggling generally and for the better protection of both Salt and Customs' revenue, that the Superintendent of Customs and the Salt Commissioner be directed to act conjointly in the establishment of an effective preventive service; the additional expenditure required for the proper carrying out of the plan, proposed in detail, is calculated at 200,000 Taels annually, while the amount to which the Revenue would be benefited thereby, is shewn to be not less than 500,000 Taels.

Your Ministers would here remark that the Superintendent of Customs and the Salt Commissioner are, by law, authorised to commission revenue cruizers, but that the functionaries in question having each heretofore attended merely to the working of his own department and having never attempted co-operation or joint action, it does not seem by any means to be doubted but that such procedure may have originated the guaranteeing of smuggling, evasions of duty, and many other abuses. Were they, on the other hand, to act in concert, it is quite certain that they would be able to offer such opposition to smugglers as would greatly tend to the benefit of the Imperial revenue. It is not, however, impossible but that there may be some difficulties in the way, both as to the providing of the required funds and the carrying out of joint action. Your Ministers would therefore advise that Mr. Hart's suggestions be sent to the Governor-General of the Two Kwang, who, in

concert with the Governor of Kwangtung, can consult with the Superintendent of Customs and the Salt Commissioner, and then report upon the practicability of the plan proposed.

6th. *Estimated amount of duties collectable.*—This memorandum states that the duties accruing on foreign trade, if honestly administered and collected in accordance with Mr. Hart's other suggestions, should amount annually to more than ten million Taels; that any increase of the troubles caused by the banditti will interfere so much with trade, that a proportionate decrease must be expected in the revenue; and that the restoration of tranquility would give an impetus to trade that would be attended with a more flourishing condition of Customs' finances.

In reply to the enquiries made by Your Ministers in connection with this memorandum, Mr. Hart stated that the present revenue returns are sufficient proof in themselves of the dishonest practices connected with the administration; that, as regarded the mode of collection, the Chinese Revenue officers seemed to know of no other rules than to levy the heaviest duties, while they altogether neglected preventive measures; and that, if his suggestions could be adopted, no great difficulty need be experienced in the collection of the amount stated. Your Ministers have already directed Mr. Hart to report quarterly the amounts collected with other details, the reports to be in duplicate, one copy being for the Board of Revenue and the other for the Foreign Office.

7th. *Drawbacks and Exemption Certificates.*—On this point Your Ministers have questioned Mr. Hart, being desirous of substituting Drawback and of doing away with exemption certificates; he, however, fears that such a change might give rise to frauds on the revenue. He explains that were the Customs to grant a drawback certificate to a merchant and were that merchant then to dispose of his merchandise at some port not open to trade and without a Custom House, the Imperial Revenue could not other than suffer. He seems to have sufficient reason for what he advises.

As regards exemption certificates, your Ministers formerly proposed that, in the event of continuing their issue, the duty paid at the first port on goods eventually consumed at another, should either be sent in specie to the latter, or, if retained for government purposes at the former, should be transferred to the accounts of the latter, in order to the avoidance of deficit at one place and excess at another. But the foreign revenue collected at Tientsin is to be set apart specially for the expenditure of the capital, and, as is on record, the ports that have collected duties on goods eventually

consumed at Tientsin, are to send the sums collected, *minus* the Indemnity deductions, in specie, direct to Peking. Having arranged with Mr. Hart that exemption certificates shall continue to be granted, your Ministers now advise that the proposition contained in the former memorial, relative to the transmission of specie to the capital, be carried into execution.

As regards native produce transported coastwise by foreign merchants, it has already been arranged that it shall for the future pay an import duty as it was formerly wont to do; on such produce, exemption certificates need not be granted. The provincial authorities should be notified of this, and directed to act in accordance therewith.

8th. *Expenses of Collection.*—The memorandum presented estimates the annual expenditure, under the new system, at about 570,000 Taels.

To your Ministers' enquiries on this head, Mr. Hart replied that the offices held by the Commissioners of Customs were offices of trust and of great importance; that it was necessary to secure for such offices trustworthy and able men; and that the salaries of such ought to be liberal. Inadequate pay would only obtain the services of a class of men that might prove inefficient or dishonest.

Your Ministers would remark that, while Mr. Lay was at Shanghai as Inspector-General, the annual expenditure was very great; but, during that time, the revenue more than doubled itself. If then, the revenue is seen to increase annually and daily, and if the Commissioners of Customs, assisting the Revenue officials at the various ports, can lop off all malpractices, and, putting down abuses, are seen to superintend the transaction of business with honesty and zeal,—of course they may be paid liberally in return for the pains taken by them.

With regard, however, to the list of people employed, and the rates of pay proposed for each class, the High Commissioners superintending trade should be directed to examine into and report on the same.

9th. *Opium Committee at Canton.*—This memorandum states that the Committee in question had given it to be understood, that such opium as paid the fee of fifty Taels per chest, would be secured against any collection on the part of the Customs.

Your Ministers considering that the Board of Revenue must be in possession of the returns presented by the Taxation Committees at Canton, at once made official enquiry. The Board's reply was

to the effect that, in the Canton province, the three districts of San-shwuy, Kaou-yaou, and Nan-hae, from the 4th, 7th, and 10th months, respectively, of the 8th year of Heen Fung to the end of the 9th year, had collected in all, through their Finance Committee, some 513,000 Taels; that whether or not opium had been taxed by the said Committees, the Board knew not; and that the Board had now directed the Committees to send in truthful and detailed accounts of the amounts collected and the goods taxed.

Mr. Hart's memorandum states, however, that the action of the Finance Committee interferes with the duties and working of the Customs. The Governor-General of the Two Kwang and the Governor of Kwangtung should be directed to report on the correctness of his statement, and the matter should then be referred to the Ministers, who originally had charge of the opium tax, for their consideration and adjustment.

10th. *Hok-shan Teas.*—This memorandum states that for some time past the quantity of teas smuggled to Macao has been annually increasing; that the yearly loss to the Customs' Revenue is not less than 60,000 Taels; that while the export duty on Tea is Tls. 2.5.0 per picul, the Hokshan Finance Committee has been collecting a tax of 5 mace per picul, and, on the receipt thereof, issuing permits for the tea to be taken to Macao; that, the merchant in this way gaining 2 Taels per picul, the result is that the dealers in Hokshan Teas go direct to Macao, and entirely evade the payment of the proper duty.

Your Ministers made enquiries at the Board of Revenue on this point; but, just as in the case of the opium, the Board states that it is unable to say whether duties or taxes have or have not been collected by the Finance Committee on Teas; the Board has, however, sent orders to Canton, calling for full and detailed accounts.

The Governor-General of the Two Kwang and the Governor of Kwangtung should be directed to examine into and report on the practice in question. When their report has been received, the matter can again be brought forward for adjustment.

Your Ministers having now commented on the various memoranda, handed in by Mr. Hart and on the questions therein discussed, now humbly pray that the Emperor's Sacred Glance may be thereto directed. A respectful memorial.

EMPEROR'S REPLY.

A separate Edict will be issued. Respect this!

EMPEROR'S DECREE IN REPLY TO THE SECOND AND THIRD
MEMORIALS OF THE PRINCE OF KUNG AND COLLEAGUES.

The Keun-ke Ta-chin notify Hsieh, Imperial Commissioner Superintending Trade at the Southern Divisions of Ports; Tsung, Superintendent of the Three Northern Ports; Laou, Governor-General of the Two Kwang; Ke, Governor of Kwangtung; and Yu-tsing, Superintendent of Customs, Canton,—that on the 7th July, the Emperor issued the following edict:—

The Prince of Kung and his colleagues have presented memorials, having reference to their consultations on the subject of fiscal arrangements and commenting on the reports and memoranda, therein contained, that were drawn up and handed in by the Inspector-General.

As regards the administration of the revenue, it is essential, at the outset, that proper regulations be drawn up, in order that, on the one hand, there may be an increase in the collections, and, on the other, a decrease in smuggling and its concomitant malpractices. The said Inspector-General Hart has now presented seven memoranda and two reports, all of which have been discussed and commented upon by the Prince and his colleagues—they contain many suggestions that are by no means unworthy of being acted upon.

As regards trade on the river Yang-tsze, the Inspector-General proposes that all import and export duties shall be collected at Shanghai, that merchants shall be allowed to discharge and ship cargo at pleasure between Chinkiang and Hankow, that the river above Chinkiang be considered the inner port of Shanghai, and that the establishment of useless offices be not carried out. The Prince remarks on this that, the collection of revenue being rendered extremely difficult by the uncertainty of the movements of the banditti, it is expedient to collect duties at the general emporium, but fears that, if permission be accorded to trade at will above Chinkiang, the result will be a want of limit or control.

As regards Transit dues the report recommends the selection of commanding barrier stations, having reference of course to the collection of Inland dues on foreign goods entering, and on native produce leaving the interior—native produce re-entering the country to be separately provided for. It is proper that care should be exercised in the establishment of barriers, and, for native produce leaving the country, the barrier pass should be produced as a proof of the payment of Inland dues, while, for foreign produce

entering the interior, similar passes should be issued. The goods imported or exported by foreigners, if going into or coming from the interior, would thus in all cases pay a full Tariff duty and one Transit due. By such an arrangement, the Imperial revenue would no doubt be benefited. The Transit due referred to, is provided for by the Treaty, and being an inland tax is not subject to the Indemnity deduction.

As regards opium at the Treaty ports, the report purposes to license all dealers.

Let Hsieh and Tsung be commanded to devise measures for the proper carrying out of what has been proposed relative to the Yang-tsze, Transit dues, and Opium.

The expense of collection is estimated at about 570,000 Taels; let the lists of people to be employed and rates of pay be examined and reported on by Hsieh and Tsung.

With reference to salt and merchandise which, when being smuggled in Kwangtung, enter by the same water routes, and the establishment of cruizers to protect the revenue, the report proposes that the Superintendent of Customs and the Salt Commissioner shall act conjointly, and that each shall be authorised to expend 100,000 Taels annually in the employment of an effective preventive force, believing that the revenue would be increased some 500,000 Taels thereby; the Prince remarks that the Superintendent of Customs and the Salt Commissioner are by law entitled to commission cruizers, but that there may possibly be some impediment in the way of providing the necessary funds or objections to conjoint action. Let therefore the Governor-General Laou and the Governor Ke consult with the Superintendent of Customs, and report on the matter with all speed.

It is also stated that the Finance Committee at Canton has given it to be understood that dealers in opium repairing to their Office first and there paying a fee of fifty Taels, need not pay any duty at the Custom House; and that the Hok-shan Branch Committee has, in the face of an export Tariff rate of Tls. 2.5.0 been permitting teas to go to Macao on the payment of 5 mace per picul, thereby inducing merchants to evade the proper Customs' duties. The reason for establishment such Finance Committees is that they may provide funds for expenditure, for meeting which the Customs' collections are inadequate. Let then Laou-tsung-kwang and the others make careful enquiry and truthfully report whether the facts are really as reported, and whether the revenue is thereby receiving detriment.

The various documents handed in by the Inspector-General Hart, together with Prince Kung's despatch to the English and French, have been already sent to the Imperial Commissioner Hsieh and the others concerned; let them with all minuteness examine the same, and report thereon clause by clause without delay.

Let this Edict be forwarded at the rate of 600 le per diem to Hsieh, Tsung, Laou, and Ke; and let its contents be communicated to Yu-tsing.

Respect this!

**Memorandum by Mr. Lay, Chinese Inspector of Customs, on the
Complaints of the Hong Kong and Shanghae
Chambers of Commerce.***

The papers upon which I have courteously been permitted to submit my observations are:—

1. A Memorial to Earl Russell by the Shanghae Chamber of Commerce, dated 20th August, 1861.
2. A printed Pamphlet, containing Minutes of the Annual Meeting of the Shanghae Chamber, and letters setting forth the cases complained of.
3. A Memorial to Earl Russell by the Hong Kong Chamber of Commerce, dated 26th August, 1861.

The chief among the cases in the printed pamphlet are embodied in the Memorials of the Chambers, and are consequently commented upon in the subjoined observations; but not to interrupt the course of these remarks with what might prove, perhaps, a perplexing reference to the details of all these cases, I have briefly analysed each, on a separate sheet, annexed to this Memorandum.

1. *Ship's Stores.*—The first complaint to which attention is drawn by the Shanghae Chamber, is the “inconsistency of practice” with respect to “ship's stores.”

The old Tariff of 1843 was not sufficiently explicit in respect of duty-free articles, and hence continual disputes between the merchants and the Customs. The merchant insisted, then as he

* B.P.P.: “Further Papers relating to the Rebellion in China, 1863,” pp. 171–181.

does now, that "the term 'ship's stores,' as well as the term 'household stores,' should be read in its widest sense," that is to say, he claimed exemption for every conceivable article he could call a household or a ship's store. For example, the old Tariff admitted "building materials," that is, bricks and tiles, duty free. The merchant straightway claimed exemption for entire cargoes of timber and woods, because these could be used for building purposes, and he could therefore describe them as "building materials." On the same principle, exemption has been claimed for "gypsum," because gypsum is made use of in the preparation of mortar, and comes, therefore, according to the merchant's view, under the denomination of building materials.

When the Tariff of 1858 was drawn up, pains were taken to rectify the omission in the old Tariff by adding a list, as explicit and complete as possible, of duty-free goods, for the safety of the merchant, as well as for the guidance of the Customs.

This list, while it exempted many articles chargeable in other countries with duty, of necessity included such as could not, upon any intelligible principle, be exempted.

The principle that has guided the Customs in its treatment of "ship's stores" has been this: if the stores (although of such kind as are inserted in the Tariff as subject to duty) are brought in *bonâ fide* for the use of a particular vessel, they are admitted free; if they are imported like other goods for sale, duty is considered due.

Mr. Bruce, in his reply to the Shanghae Chamber of the 23rd September, takes the same view. He says, "When an article does not fall exclusively within the term of 'ship's stores,' and may be applied to other purposes, the utmost that can be asked for, under Treaty, is that a drawback should be allowed them when it is *bonâ fide* put on board ships as stores."

Were this rule departed from, exemption would be claimed for some articles which admit of being described as "ship's stores," but which are specified in the Tariff as chargeable with duty, such as canvass, bunting, cordage, coal. It must be acknowledged that there may be some foundation for the charge of "inconsistency of practice," for the Customs have to rely entirely upon the word of the merchant, when he declares his consignment to be for the use of a particular vessel, or, as is the usual declaration, for the use of one of the docks. The stores once landed, the Customs are powerless to prevent the merchant from selling them to whom he pleases. Hence many articles may have been landed that ought to have been charged with duty.

2. *Transit Duties.*—The Shanghae Chamber complains of transit duties being claimed at Shanghae upon teas brought down from Hankow, and upon goods forwarded to that port from Shanghae.

The Chamber altogether ignores the important fact that the Yang-tze River, above Chin-kiang, was opened under special arrangements between the British and Chinese authorities, the right to navigate the river not arising in strictness until the suppression of the rebellion (*vide* Treaty, Articles IX and X). Amongst the conditions under which the river was opened was this: that all dues and duties should be collected at Shanghae or Chin-kiang, and that there should be no Customs establishment at Hankow or Kiu-kiang, the object being that the river above Chin-kiang should be treated as the inner waters of Shanghae, that vessels might have the privilege of "discharging and loading at any ports or places on the river, without being required to obtain custom-house permits" (see Provisional Regulations, Article 7). Whether the transit dues be payable at one port or at another can make no difference to the merchants, and Mr. Bruce's decision that they shall be collected henceforward at Hankow or Kiu-kiang, instead of at Shanghae or Chin-kiang, does not meet the merchants' complaint.

The Shanghae Customs called for the payment at Shanghae of the transit duty, in strict conformity with the arrangements above named.

By the fifth clause of Tariff Rule 7, "permission to export produce which cannot be proved to have paid its transit dues will be refused by the Customs until the transit dues shall have been paid." Transit duty was therefore leviable upon Messrs. Lindsay and Co.'s teas (Case 2, page 6 of the pamphlet), in the absence of evidence of payment by the native merchant.

I learn, however, from Mr. Fitz-Roy, the Commissioner of Customs at Shanghae, that Lindsay and Co. were never charged any duty upon their teas, in deference to the remonstrance of the Consul, and pending reference to Peking. But this fact is not stated in the Pamphlet, nor in the subsequent Memorial.

3. *Exemption Certificates.*—I must explain how it came to pass that exemption certificates—an exemption certificate is a document from the Superintendent of Customs of a port from which goods are exported addressed to the Superintendent of Customs of a port into which they are to be imported, certifying that the goods have paid import duty, and requesting that they be admitted free of duty)—were in the first instance granted to the foreign merchant upon Chinese produce exported from Shanghae.

In 1855 trade and shipping were suffering from the presence of the rebels in the province, and the prevalence of piracy on the coast. As some relief to trade, I (at that time Inspector of Customs at Shanghae) persuaded the local authorities to grant, for the time being, exemption certificates upon Chinese as well as upon foreign goods; and the merchants of Shanghae (though not at any other port) have since enjoyed this privilege, which they were in no wise entitled to by Treaty, until its withdrawal by Prince Kung, with the approval of Mr. Bruce.

Neither in the Treaty of Nanking nor in the Treaty of Tien-tsin was any provision made for depriving the Chinese of their coasting trade, nor even for admitting foreigners to it, although the Shanghae Chamber asserts the contrary. The provisions of the Treaty affect only the direct trade between China and foreign countries. The British Government could scarcely have coerced China into granting what her own laws refused, until five years since, to every other nation.

In the imaginary case put by Adamson and Co. (Case 6, page 10 of Pamphlet), the export duty would have been chargeable at the port of export, Ningpo. The tea in question it appears, moreover, from Mr. Fitz-Roy, was to undergo the "firing" process at Shanghae.

As the XLVth Article of the Treaty provides "that the goods remain with their original marks unchanged," exemption from a second payment could not in strictness have been claimed in this case.

In the case of Messrs. Fletcher and Co.'s silk, brought to Shanghae from Ningpo, a second charge was avoided by the simple transhipment of the silk to another vessel bound for London.

But these were cases that admitted of—nay, demanded—reference to Peking. To suppose that the Chinese Government ever contemplated charging four duties upon silk and tea is preposterous. Such an attempt would have been simply ridiculous, and would not have been tolerated, as they know, for an instant. The truth is, that tea and silk have found their way to Ningpo quite recently, since the occupation of the country around Shanghae by the rebels. This circumstance being unrepresented to them, the Peking authorities had no means of knowing the effect their instructions would have respecting exemption certificates. As soon as they became aware of it, they at once instructed the Shanghae Superintendent to charge no duty upon tea and silk entered from Ningpo for re-exportation. And so the matter would have undoubtedly been settled, upon a simple representation of the circumstances.

But the merchants had up to this time stood in need of a "strong" case against the Customs. Here was one which would not fail to "tell" in England. So capital an opportunity was not to be foregone, although they well knew that it was, I repeat, preposterous to suppose that Mr. Bruce would allow the Chinese, even if they had deliberately designed it, to impose more than one export duty upon tea and silk, at an open port too, where their action could be controlled. It is remarkable that Messrs. Fletcher and Co. (Case 7), Messrs. Adamson and Co. (Case 6), and the Shanghae Chamber, take for granted that the Chinese Government is bound to see that the state of anarchy which at present renders the ordinary routes of commerce unavailable, shall not have any injurious effect on foreign trade with China—a doctrine new in Europe.

4. *Drawbacks.*—As to drawbacks, the facts are as follows:—In consequence of my representations in 1856, the Shanghae authorities consented to give drawbacks (duty-receipts that may be tendered in payment of import or export duties) upon goods found unsaleable, and re-exported to a foreign country.

To this privilege merchants were not entitled by the Treaty of Nanking, but it was secured by the Treaty of Tien-tsin. Merchants want now to have the privilege extended to goods, native as well as foreign, re-exported to a Chinese port. I think the Chinese Government would have reasonable grounds of objection to such a concession. It could scarcely afford to part with the only check it has upon clandestine trade, at non-Treaty ports, and along the coast, which it finds difficult enough even now to prevent.

5. *Notice of Alterations in Regulations.*—The Shanghae Chamber complains, by implication, that changes in the Custom-house regulations have been made, without having been first submitted to the British authorities and without timely notice. No such changes have ever been made without having been so submitted.

In the changes referred to by Mr. Consul Medhurst, in his letter to Messrs. Jarvie, Thorburn, and Co. (see Case 4 submitted by the Shanghae Chamber), Mr. Medhurst had been fully informed, and had actually notified the change on the 2nd of May. The withdrawal of exemption certificates, and the regulations as to transit-dues, had been agreed upon between Mr. Bruce and Prince Kung, through the medium of Mr. Hart, now acting as Inspector-General of Chinese Customs. The duty of notifying the foreign community rests with the Consuls; the right of the Chinese to do

this has been denied by the British authorities, and they have never so addressed the foreign merchants except in two or three instances, and those not recent.

6. *Custom-House Reform.*—The Hong Kong Chamber states:—“There are many points on which Custom-house reform might be judiciously applied with the greatest advantage to trade, but with which it is unnecessary to trouble your Lordship, inasmuch as they rather constitute matters of local arrangement easily remediable, were Her Majesty’s Representatives in China to afford that co-operation to the mercantile community which might not unreasonably be looked for.” This is a complaint against Her Majesty’s Representative in China, and, as now appears, a perfectly groundless one, as in the causes of complaint just noticed. Mr. Bruce has actually decided against the view taken by the Customs in the matter of transit-dues, and in favour of the legality of their action in the matter of exemption certificates and ships’ stores, and has suggested arrangements by which at the present moment the business is probably satisfactorily carried out. It would seem, therefore, that the matters complained of are among those with which it was unnecessary to trouble the Foreign Office, as there is little doubt that reforms might be introduced and grievances removed, were the merchants frankly to avail themselves of the facilities given by the foreign Inspectorate.

7. *Alleged irresponsibility of Customs Officers.*—The Hong Kong Chamber directly, and the Shanghai Chamber by implication, state that the foreign employés have the power of confiscation and personal irresponsibility.

It is hardly necessary to say that they have no power of confiscation; they can merely advise the Chinese authorities to confiscate. As to their personal irresponsibility for acts done as Chinese Custom-house officers, when such acts are not disavowed by the Chinese Government, I do not apprehend that there can be much doubt according to English law; but the opinion of the Law Officers of the Crown on the point would be satisfactory.

8. *General remarks.*—Having now noticed in a general manner the special causes of complaint of the two Chambers, I trust that I shall not be thought trespassing upon his Lordship’s time if I submit here a few remarks upon the “Custom-house system,” in the course of which I shall notice the more general statements and complaints of the Chambers.

9. *The System.*—The system of a foreign Inspectorate was introduced at Shanghae in 1854. The Chinese authorities had proved themselves too weak to enforce payment of duties from all alike, and while all were enabled to smuggle, some of the more wealthy and more influential (the then Chinese Superintendent of Customs was himself, it is said, in partnership with a leading English and a leading American firm) were enabled to smuggle to a greater extent than others. This was ruinous to the less wealthy, but more numerous, of the community, who cried out at the inequality by which they suffered, and professed their readiness to pay the full amount of duty, provided that wealthy as well as poor paid alike. A conference was held between the Treaty Consuls and the Chinese Superintendent, and it was agreed that the latter should have the assistance of three Europeans, to secure an honest and efficient Custom-house administration.

Each Consul nominated a person. Mr. Wade, then Vice-Consul, was the British Consul's nominée. Mr. Carr, Secretary to United States' Legation, was the American Consul's nominée. Mr. Smith, French Consular Interpreter, was the French Consul's nominée.

Mr. Wade resigned in 1855, and was succeeded by myself. I was then holding the appointment of Vice-Consul and Interpreter at Shanghae. Upon my appointment, the British Consul ceased to nominate. The United States' Consular Bill of 1856 prohibiting United States' Ministers and Consuls from recommending any citizen for employment in the service of any foreign Government, the American authorities ceased in like manner to nominate.

The Chinese Government then placed the entire control of the Customs in my hands, entrusting me with the selection of all Europeans for the service, and engaging not to remove any without my sanction.

10. *Personnel of Customs Establishment.*—As the Hong Kong Chamber has classed the individuals in this service with "lawless foreigners" whose "violence will be more pernicious than lawless acts of isolated criminals," I will give the name of the officer in charge at each port, and the position he occupied prior to his joining the Customs.

Shanghae.—Mr. H. Tudor Davies (English), late Chief Magistrate at Hong Kong, absent on sick leave, whose place is supplied by Mr. G. H. Fitz-Roy, late Attaché to Lord Elgin.

Ningpo.—M. Giguel (French), late Interpreter to Canton Commissioners.

Foo-chow.—M. Meritens (French), late Interpreter to Baron Gros.

Amoy.—Mr. Ward (American), late Secretary to the United States' Legation.

Swatow.—Mr. Wilzer (German), late Mercantile Assistant.

Canton.—Mr. Glover (American), late United States' Vice-Consul at Shanghae.

Chin-kiang.—Mr. Leonard (English), late Mercantile Assistant in the firm of Dent and Company.

Tien-tsin.—M. Klecszkowski (French), Major on half-pay.

Mr. Hart, who was an Interpreter in the Consular Service, acts during my absence as Inspector-General.

The mention of the above names is sufficient, I am sure, to repel the absurd insinuations, (which no attempt whatever is made to substantiate) of the Chamber, and stamp them as discreditable to it.

From 1854 up to the present time the merchants have been free in their abuse and loud in their complaints of "outrages" and "gross injustice," but, in no case that I am aware of, have they adduced a single fact in support of their allegations. They have not concealed their abhorrence of the institution, and I do not think, therefore, they would have concealed facts had they any to make use of. Their hope has been, by vague, high-sounding complaints, incessantly repeated, gradually to enlist the sympathy of the public of England, and secure its support of their representations against the "system."

11. *Disfavour of Merchants explained*.—Some of the reasons why the system is regarded with such disfavour may not be out of place here. At the outset, it was unfortunately brought into collision with the leading firms. Before its existence there was no system at all. Merchants could pay little or no duties, and could make speedy fortunes. From the corrupt and weak Chinese officials anything could be extorted, by bribery or by bullying. Merchants could smuggle a consignment of cotton goods into port, fill the cases with tea in place of the cotton goods, ship these as cotton goods re-exported, and obtain a drawback for the import duty on the cotton goods that had never been paid. The door open to such

doings, the system closed. The merchant prince found himself on the same footing with the storekeeper. He was required to apply for a permit to land and ship his goods, and to give the correct weight of his tea and his silk, under penalty of the forfeiture laid down in the Treaty. He who had had Admirals and Ambassadors as guests in his house, who asked his opinion and sometimes acted upon it; he who had been in the habit of denouncing Ministers and Consuls when they crossed his path, naturally chafed at having to conform to any rules or regulations whatever. His steamer could no longer load and discharge at any point along the coast without his incurring the risk of being called to account for his infraction of the Treaty. The notion of having to forego large profits and the luxury of doing whatever seemed good in his eyes, was one which he could scarcely be expected to bear with equanimity or without a struggle. He would not conform to the Chinese Custom-house, forgetting that those rules simply embodied the provisions of the Treaty. But he had not been accustomed to pay any heed to them, and he did not choose to do so now. And he acted upon this determination. When honest, he declined to conform to the regulations; when dishonest, he essayed attempts, successful in former times, to defraud, relying upon his influence at home and abroad to deter the British Officers of Customs from making him an open enemy. Disappointment at the result may account for the "strong language" employed by the Hong Kong Chamber, the Chairman of which is the head of Jardine, Matheson and Co., which firm has been once fined, and whose vessel has been recently seized while smuggling between Shanghae and Chin-kiang.

That I may not lay myself open to the charges I have made against the Chambers of want of facts, I will cite a few cases from the Customs' Records in support of my statement.

12. *Instances of Smuggling.—Case of the "Spec."*—The "Spec" was a Tahitian brig sailing under French colours. The 13th Article of the General Regulations of Trade of 1843 required a permit to be taken out by the captain under 500 dollars penalty. The 20th Article provides for the confiscation of the vessel. The VIIIth Article of the French Treaty of 1844* provides for the confiscation of a vessel smuggling. The Vth Article of the American Treaty of 1844 allows American merchants to trade in any merchandize the import or export of which is not interdicted by Chinese law. The export of rice is expressly prohibited (*vide* communication to Treaty Consuls by Chaou, 24th May, 1855).

* The old Treaties were in force at this period.

In September 1857, the American firm Russell and Co. shipped privately 1,000 bags of rice without a permit, which had been twice refused on application. The Custom-house authorities seized a boat containing 400 bags alongside the brig. So some members of the firm, acting under the sanction of the French Consul, shipped, *vi et armis*, two more boat-loads, and repelled with force the Custom-house officers who were sent to protest. The vessel ultimately sailed without a permit, and with its full cargo, never having paid a cash of duty.

Case of the "Salacia."—153 cases of dyed cottons, valued at 18,110 dollars, were imported by Messrs. Gilman and Co. on the 15th December, 1855. The application to land as above was made. The goods were "suspect," and, as landed, lodged in the Custom-house. Being found to contain chintz, prints, and white figured cottons, paying two mace a piece, while dyed cottons only pay 5 per cent. *ad valorem*, the Custom-house would have been defrauded of 250*l.* This firm was fined 500 taels, and the goods were released.

. *Case of the "Paoushun," July 1855.*—This was a case in which the vessel was entered in ballast, when she had on board goods to the value of 2,150 dollars. They were seized, and Messrs. Dent, Beale, and Co. paid 1,000 taels, viz., 500 for presenting a false manifest, and 500 for discharging without a permit.

Case of the "Wynand," April 1855.—She was found smuggling rice outside the port, was seized by the Chinese revenue cruiser, and her cargo confiscated, but the ship was released. She belonged to Dent, Beale, and Co. Permits to export rice had been constantly refused.

Case of the "Unicorn," May 1855.—Smuggled 40 bags of saltpetre, not entered in the manifest. The owners, Angier and Co., were fined 500 dollars.

Case of the "Emily Annina."—Application was made by Lindsay and Co. to ship 60 hogsheads of coal (on which no duty was due). Suspected and seized: the barrels were found to contain 1000*l.* worth of copper cash, dexterously concealed by the coal above and below. The export of cash is altogether prohibited, and a notice to this effect had been published by Mr. Alcock in 1848, by direction of Her Majesty's Plenipotentiary, Sir George Bonham. The whole was confiscated. Underneath the coal casks were discovered 50 treasure boxes, marked "B. R. & Co." in the hold of the ship. These boxes were described in the Shipping Order as "merchandise," which was signed by Blenkin, Rawson, and Co., and were also seized and confiscated.

Case of the "Hellespont."—This vessel, belonging to Jardine, Matheson, and Co., transhipped her entire cargo twelve miles from the anchorage for loading and discharging, and then sailed out of port. The Treaty penalty of 500 dollars was levied. The cargo, value 5,000*l.*, which might have been confiscated wholly, was released.

Case of the "Rose."—This vessel belonged to Jardine, Matheson, and Co.; has been recently seized while engaged in smuggling on the Yang-tze, between Chin-kiang and Shanghae. Mr. Whittall, the head of Jardine, Matheson, and Co., had been previously warned by the Commissioners of Customs of the illegal nature of the "Rose's" proceedings.

13. *Transaction of business. Inattention of Merchants to common Rules.*—Some remarks are made by both Chambers upon the dispatch of business. It is to be regretted that they have not specified, as they might, the nature of the "additional trouble" complained of, nor shown in what respect the office routine differs from that followed in all public offices. I have examined the books and forms of the London and Liverpool Custom-houses, and I have no hesitation in saying that the merchant in China has not a tenth of the trouble the London or Liverpool merchant has. I should be glad to have the books of the Shanghae Custom-house examined. They would show that the merchants constantly send in manifests made out after the following fashion: "Name of vessel," "(5550) pkgs." The different consignees not being named, nor the contents of the packages given; in fact, without any particulars. Article XXXVII of the Treaty provides "that the manifest shall contain a full and true account of the particulars of the cargo on board." And each firm is supplied with printed forms of Manifests, which the merchant has simply to fill up with the "marks and numbers," "description of goods," and "weight" or "value," as the case may be.

If business has at any time been delayed, it has been the merchant's own fault, as the books, if referred to, would prove. I can testify, moreover, to the fact that manifests made out in the way above described have been again and again accepted, upon the promise of a proper manifest next time, thus entailing upon the office a vast amount of extra work; the making out, in fact, a manifest for the merchant. Often applications to land or ship goods are without some indispensable particulars, such, for instance, as the weight or value. This is asked for. The answer not unfrequently is, "not ascertained." Where the weight or value is not ascertained, the merchant should give "estimated weight."

He is therefore asked for the "estimated weight." The answer sometimes is, the Customs can estimate it for themselves; the merchant is not disposed to give it.

I have myself again and again directed permits to be given in cases of this kind, although the merchant has flatly refused to supply the information absolutely necessary to the office.

Again, when the "system" was extended to Canton, the merchants there seemed determined to make business as impracticable as possible. They generally sent to the office the least informed of their employés, a coolie, or probably a boatwoman, with a scrap of paper on which the thing wanted was hinted at in an illegible scrawl. The bearer when asked some questions for the purpose of elucidating his wants was totally unable to give any account of himself, or what he had come about, more than that his master was named so and so. A great many of the firms were never heard of by the Customs at all; they would not recognize the office, and did their business through Chinese, and under Chinese name.

The office hours at Shanghae are from 10 a.m. to 4 p.m. At Canton where there are river steamers plying, the office is open from sunrise to sunset.

14. *Alleged instances of ill-will to "system" by Chinese community without foundation.*—According to the Hong Kong Chamber, "there can be little doubt that it [the system] is most obnoxious to the [Chinese] trading classes high and low, and at some of the ports, Canton and Swatow, very unmistakeable instances of this ill-will have been shown." I am sorry to contradict the Chamber, but this is quite untrue. On the contrary, the native merchants have shown themselves favourable towards it. When, upon the extension of the "system" to Canton, the native vessels engaged in the coasting trade between Canton, Swatow, Hong Kong, and Macao, were directed to pay duty thenceforward at the foreign Custom-house according to the foreign Tariff—an arrangement which was effected by my desire to prevent the stricter levy of duties upon vessels under foreign flags, placing them at a disadvantage—the Chinese trading expressed satisfaction at the change, as they preferred, they said, to pay a fixed amount and have certain despatch, to being subjected at their own Custom-house to uncertain charges and uncertain despatch.

Another case.—A certain class of Chinese boats trading between Shanghae and Ningpo have been allowed to transact their business at the foreign Custom-house, and the office is continually importuned

by the owners of Chinese boats of other classes to allow them the same privilege, as they much prefer our treatment to that which they meet with at their own Custom-house.

But I can give an instance of "unmistakeable ill-will," which occurred when I was at Swatow, on the part of the master, Saunders by name, of an English vessel, who deliberately fired into a Chinese guard-boat that had been stationed within hail of his vessel to prevent the smuggling of some opium that was on board. One man was shot dead, and three others were wounded. This took place at 10 o'clock at night. The next morning Saunders called at the Custom-house, and expressed his hope in my presence that he had killed some one, declaring that he would repeat the dose if he were again interfered with.

15. *Preventive force at Canton.*—The Hong Kong Chamber calls the preventive force at Canton, which consists of a small American river-steamer, not adapted for fighting purposes, carrying one gun, a 12-pounder, and some Chinese boats manned by Chinese, "an illegal and dangerous practice;" "an organized plan of violence which will be infinitely more pernicious than any lawless acts of isolated criminals in producing detestation of the foreign name and hostility to the innocent fellow-countrymen of these individuals." In the collection of customs duties at Canton, the Chinese have two serious obstacles to contend with, namely, the free ports of Macao and Hong Kong; and considerable difficulty has been experienced in the prevention of smuggling of tea and silk by the many channels of communication from Canton to those places. The little steamer above referred to, the "Cumfa," has been kept cruising to and fro on the rivers, and has made several seizures, both of silk and tea. On one occasion, she surprised a Portuguese steamer taking in silk in the dead of the night, on which occasion neither gun nor pistol were fired. The Cantonese are proverbially a bold race, and the smugglers are strong enough to defy the Government. The "Cumfa" has more than once been waylaid (as will be remembered were our own river-steamers during the troubles of 1856), and has narrowly escaped their fate. On a recent occasion she was attacked by some heavily armed snake-boats and was obliged to beat a retreat, with the loss of two men killed and two wounded. This is the only case that I am aware of, in which lives have been lost, and this has been on our own side.

16. *Merchants at Canton smuggle through Natives.*—The foreign merchant at Canton does not usually smuggle himself; he employs the agency of the Cantonese, who are much more daring than the

Northern Chinese. The authorities are powerless to deal with the native smugglers, who have fleets of vessels at their disposal, each of which carries from 70 to 100 men, well-equipped with guns of heavy calibre (procured at Hong Kong, whence pirates and smugglers obtain supplies of the best guns and powder). The Chamber, therefore, wishes the repression of smuggling to be left to the Chinese authorities, because they are impotent; and it goes on to say that, "so far as it is aware, there is no case on record where forcible resistance has been offered by foreigners to a Custom-house seizure." I am afraid the Custom-house records would show that forcible resistance has been repeatedly offered by foreigners. The tidewaiters have again and again been ordered out of ships under a volley of abusive epithets. The tidewaiters had the strictest orders not to resist force by force, and the most vigilant watchfulness on the part of the superior officers has alone prevented the occurrence of most serious collisions. Had the Custom-house been otherwise than passive, blood must have frequently been shed.

17. *Trade Returns show that the system has not injured Trade.*—The Hong Kong Chamber asserts that the system has "injured seriously the commercial relations of foreigners, and more especially of British subjects." This, if true, is surely capable of proof. The Trade Returns of Shanghae, where the system has been in operation for seven years, show that the trade, so far from falling off, has wonderfully increased, despite the disadvantages it has had to contend with from the devastation by the Tae-pings of the province in which Shanghae is situated; Soo-chow, of which Shanghae is the mere shipping port, being at the present moment in the hands of the rebels.

With regard to the "very considerable impediments to a free trade which have lately been experienced at the new port of Tien-tsin," I will quote from a letter to my address from Mr. Hart of the 8th July last:—"Tien-tsin has exceeded all expectations; there are thirty-nine ships at Takoo now, and since the 1st May sixty-three have entered the port; full cargoes in, but, unfortunately, no exports. Opium is unsaleable to a great extent, being driven out of the market by the native drug. Trade at the present is rather at a standstill, owing, some say, to local squeezes (of which I cannot get hold of a single authenticated or specific case), but, in my opinion, to the excessive prices that ruled at first, and to the subsequent arrival of such large quantities of goods. People at first bought dearly; then came lots of goods, with the prices current at other ports; the first buyers feared to make more purchases before disposing of their first stocks, so trade now languishes."

18. *Procedure in cases of Fine and Confiscation.*—Lastly, with respect to the statement that “certain foreigners, aided by personal irresponsibility, and an almost unfettered exercise of the power of confiscation, have established a control of a most despotic nature over the details of foreign trade.” I may observe that the Chinese Superintendent of Customs, with or without the advice of the foreign Commissioner, can in no case overstep the limits assigned to his action by the Treaties, without being forthwith called to account by the Consul, upon the complaint of the merchant aggrieved. The Chamber should have pointed out the infringements of Treaty that have been committed, but about this the Chamber is, probably, indifferent. Its object is to have “the British Customs officers made amenable to a Consular Court for damages at the instance of any suitor who may prosecute them for injury sustained.” This potent instrument attained, the merchants would desire nothing more. With the power to cite at all times before the Supreme Court of Hong Kong the British Customs officers, who would have there to satisfy a jury of merchants all interested in paying no duties at all, that they had not “exceeded their legitimate powers,” or else pay the damages fixed by such jury, they judge rightly that they would soon make it impossible for British subjects to serve the Chinese Government in an executive capacity. No wonder, then, that the Hong Kong Chamber should be tempted to employ strong language against the “system,” if greater weight should be thereby attached to the remedy it proposes.

With reference to the practice of the Customs in cases of fine and confiscation, dwelt upon by the Shanghae Chamber, the precise method of dealing with infringements of Treaty is laid down, and the action of the Chinese Government is specifically limited to certain forfeitures, leaving the merchant, if dissatisfied with the decision of the Chinese Superintendent, to seek the “political,” not “judicial,” action of his Consul, and of his Minister if necessary. It would be hardly fair to expect that the Chinese Government should submit its right to fines and confiscation, secured to it by Treaties, to the judicial discussion and decision of any foreign Court; still less that it would allow merchants, who are themselves daily endeavouring to evade the Chinese revenue laws, to have any voice in such discussion and decision, as the assessors of their Consul. As stated by the Shanghae Chamber, the Chinese Government has granted “extritoriality” as regards persons to British subjects, but it has not surrendered its right to “adjudicate” upon infractions of its own revenue laws. The Chinese Government has never asserted that “the Customs authorities can either fine a

British ship or confiscate British property without the active intervention of the British Consul;" but it does maintain that the British Consul can only intervene "politically" and not "judicially," and that the Chinese Government is no more obliged to resort to a British Court to enforce fines or confiscations for a breach of its revenue laws where a British subject is concerned, than it is to an American or French Court where an American or French subject is concerned. The VIIth Article of the French Treaty, to the benefit of which we are entitled, under the most-favoured-nation clause, after declaring that French subjects may trade at the open ports, and pass freely from one port to another furnished with passports, but forbidding their engaging in clandestine trade under the penalty of confiscation of vessels and merchandize, says:—"And this confiscation shall belong to the Chinese Government, who, however, shall before the seizure and confiscation are legally declared, give notice of it to the French Consul at the nearest port." In such cases, therefore, the Chinese authorities are bound to give formal notice to the Consul of the party concerned.

The circumstances under which a merchant renders himself liable to the Treaty penalties are the following:—

1. If he lands or ships, or tranships, cargo without a permit, in which case the burden of proof, that is, the production of the permit, devolves upon him.
2. If the master neglects to report his vessel within forty-eight hours after arrival. As the Consul himself reports the vessel to the Customs, he has it in his power to ascertain whether the master has or has not exceeded the time allotted.
3. A vessel trading illegally along the coast, or at a non-Treaty port.

The question in each case is narrowed to a fact susceptible of easy proof or disproof, and respecting which there is no room for discussion and debate. If the complainant did not land or ship his goods without a permit, he can produce the permit: whether or not he exceeded the period of forty-eight hours within which he should have reported his ship through the Consul, the Consulate records can immediately determine. His trading at a non-Treaty port is proved by the seizure of the ship *in flagrante delicto*, and also of the goods landed which he had entered for a regular port in the outward manifest signed by himself at his last port of clearance.

Any reasons that the parties concerned have to put in bar can be as well communicated in writing through the Consul, as *viva voce* before a Court, without possible detriment to the case. The

Consul having obtained from the Chinese authorities their reply, setting forth the circumstances upon which their decision has been formed, informs the merchant, who can if dissatisfied appeal to his Minister for redress, and at the same time, if so minded, publish the correspondence.

The Chambers pretend they cannot get a fair hearing, but this is mere pretence and nothing more: and they are unable to adduce a single case in support of this statement, or to show that merchants have been wrongly fined. Their object is, I repeat, to get British Customs officers made amenable to a British Court. They would then make it impossible for British subjects to serve the Chinese Government in an executive capacity. They forget that the Chinese would in that event obtain the assistance of Americans and Frenchmen, and other foreigners, when they might perhaps have occasion to complain with truth of "arbitrary tendencies" and "infractions of Treaties." The matter, however, of jurisdiction in cases of fine or confiscation is undoubtedly one requiring authoritative decision, and the opinion of the Law Officers of the Crown would, no doubt, lead to an early settlement of the question.

19. *Important discrepancy between Statements of Shanghae and Hong Kong Chambers.*—In conclusion I would draw his Lordship's attention to the last paragraph of a letter to Mr. Bruce from the Chairman of the Shanghae Chamber, of the 26th August, inclosing the Memorial under consideration for transmission to the Foreign Office.

Mr. Antrobus says, "I cannot help remarking that, whilst it admitted that the orders in the late instance complained of came direct from Peking, and therefore allowed of little modification by the local authorities of Shanghae, it is at the same time much to be regretted that there appears to be a growing tendency on the part of the foreign Inspectors of Customs to retire from that position of counsellors and advisers of the native local authorities, in which, by a sound interpretation of Treaty clauses and practical knowledge of foreign habits and customs, they may be most useful, and to subside into mere silent dependents of the Superintendents of Customs. It is not improbable that the reluctance to assume an active interposition between the Chinese authorities on the one hand, and foreign merchants on the other, may be the result of the irksomeness and distasteful character of such an occupation; but it is equally undoubted that if the exercise of such an influence as that alluded to be discontinued, one of the most effective arguments in favour of a foreign Inspectorate, and one which has hitherto, to a great extent, been carried into practice, is at once removed."

His Lordship will observe that while one Chamber acknowledges the good hitherto effected through the advice given to the Chinese authorities by their foreign assistants, the Hong Kong Chamber declares that "the faithlessness of the Chinese, aided by the trained astuteness of the foreigners whom they employ, has endeavoured to detect flaws in the language of the Treaty, and to apply their assumed discoveries to the detriment of British interests."

The Chambers cannot both be right, it is clear.

The British merchants seem lately to have contracted the notion that the system of a foreign Inspectorate is intended simply to enforce regulations and restraint against them. They are wrong; it is intended to be, and is, more effectual in restraining the Chinese from infractions of the laws of honesty and of Treaties; and, if I may be allowed to hint at its political bearings, I should characterize it as the most potent engine for introducing to the minds of the Chinese governing classes western—not to say English—ideas and practices, political and moral, as well as commercial. Similar views with respect to Turkey may possibly have prompted Sir Henry Bulwer to recommend the employment of competent Europeans in the several administrative departments of that Government.

We desire the most searching inquiry, and I shall be only too happy at all times to furnish explanations in answer to any questions that may be addressed to me.

(signed) H. N. LAY.

LONDON, January 11, 1862.

NOTES UPON THE CASES IN THE PAMPHLET OF THE
SHANGHAE CHAMBER OF COMMERCE.

Case 1, Page 5 of Pamphlet.—Transit duty was charged upon native cotton exported to a Chinese port.

I do not think that transit duty was leivable, provided the Customs had satisfactory evidence that the cotton was *bona fide* Shanghae cotton.

Case 2, Page 6.—Transit duty was claimed upon tea brought down to Shanghae from Hankow, the condition under which that port was opened being that the transit duties upon goods imported

or exported should be collected at Shanghae or Chin-kiang, in accordance with Mr. Bruce's despatch of 21st November, 1860, to Prince Kung, which says:—"All duties leviable under the new Tariff upon import or export cargoes on board British vessels proceeding up or down the river, will be payable at Shanghae or Chin-kiang-foo, and the Customs authorities will take such steps as seem to them necessary for the enforcement of this rule;" and in conformity, moreover, with the arrangements concluded by the Earl of Elgin at Shanghae. The first Article of the "Provisional Regulations for British Trade" in the Yang-tze River provides that vessels shall be authorized to proceed to Hankow under passes to "be issued by the Shanghae Customs, and only by the Customs at that port," "as soon as the Customs are satisfied that all the dues and duties upon the vessel and her cargo have been paid."

This was understood to mean transit duty, as well as import or export duty, it being at the same time arranged that Hankow and Kiu-kiang were not to be treated as open ports, and there was to be no Custom-house establishment at either place.

But Lindsay and Co., Mr. Fitz-Roy informs me, were not charged the transit duty after all; for this reason, I presume,—that they eventually tendered the evidence required by Tariff Rule 7, of payment by the native merchant.

This fact is not, however, stated in the pamphlet, nor in the memorial of the Chamber to Earl Russell.

Mr. Bruce has since decided that transit duties are to be levied at Hankow, unless the native merchant shall have already paid them.

Case 3, Page 7.—The "Europe rope," if imported like other merchandize for sale, was chargeable with duty.

Case 4, Page 7.—The native wool shipped to England was chargeable with transit duty.

The native cotton shipped to Foo-chow, if *bond fide* Shanghae cotton, was not chargeable with transit duty. The Shantung pongees shipped to Amoy were not chargeable with transit duty, and Mr. Fitz-Roy, in his letter (page 9) to Messrs. Jarvie, Thorburn, and Co., accordingly informs them that he has applied for a drawback for the amount of "transit dues claimed in error."

When Mr. Medhurst answered (page 8) Messrs. Jarvie, Thorburn and Co. with respect to the wool, that he had protested against the levy of transit duties "without a reasonable notice of the intended innovation," he seems to have altogether forgotten

that he had on the 2nd May issued the subjoined circular,* actually notifying to the community the rules under which transit duties were leviable.

Case 5, Page 10.—“Inconsistency of practice” in respect to “ships’ stores” is complained of. The list of duty-free goods is liberal, and exempts many articles chargeable with duty in other countries. Ships’ stores entitled to exemption are held to mean articles imported for the use of a particular vessel, and not to apply to stores imported, like other goods, for sale.

Case 6, Page 10.—Tea exported *via* Ningpo was chargeable with the export duty at the port of exportation.

It appears, moreover, from Mr. Fitz-Roy, that the tea in question was to be “fired” at Shanghaie. The XLVth Article of the Treaty providing that “the goods remain with their original marks unchanged,” exemption from a second payment could not in this case have been claimed.

Case 7, Page 12.—Tea brought from Hankow was chargeable with transit duty in the absence of proof of its payment by the native merchant.

* NOTIFICATION.

British Consulate, Shanghaie,
May 2, 1861.

The subjoined is a translation of two Rules for the levy of transit duties which have been communicated to the Undersigned by the Superintendent of Customs, for the information and guidance of British subjects.

(signed) W. H. MEDHURST,
Her Britannic Majesty's Consul.

TRANSIT DUTY REGULATIONS.

1. *In the case of Imports.*—Import duties having first been paid, and notice being given at the Custom-house of the nature and quantity of the goods, the ship from which they have been landed, and the place inland to which they are bound, with all other necessary particulars, the Collector of Customs will, on due inspection made, issue a Transit Duties Memorandum. This must be handed in at the Government bank, and half maritime duties being paid, the bank receipt will, on production at the Custom-house, be exchanged for a Transit Duties Certificate. This must be produced at the North or South Barrier, and the goods will then be allowed to pass into the interior. Should the goods not correspond with the certificate, or should goods arrive at the barriers unprovided with certificates, they will be confiscated.

2. *In the case of Exports.*—On the arrival of the produce at the North or South Barrier, notice must be given at the Custom-house at Shanghaie, and transit duties paid, in the manner laid down with regard to imports: the Collector of Customs will then issue a Certificate, which will be exchanged at the Barrier for a Memorandum, and the goods passed. This Memorandum must be handed in when the goods are reported for exportation, as transit duties will be levied on all produce unprovided with these papers before permission is granted to export it.

Silk brought from Ningpo. Under the instructions from Peking, sanctioned by Mr. Bruce, duty was due upon the silk in question; but this was a case that admitted of reference to Peking. Fletcher and Co. avoided the claim by transhipping their silk into a vessel bound for London. In both cases the merchants had simply to send their vessels to load at Ningpo, as they habitually do to Foo-chow, to avoid any claim for more than a single payment of duty, pending reference to Peking.

The Chinese Government has since agreed to admit tea and silk imported from Ningpo for re-exportation to a foreign country, free of duty, if they are so entered when landed.

Case 8, page 13.—Native cotton shipped to Amoy. Exemption certificate was refused under orders from Peking, sanctioned by Mr. Bruce.

Case 8, page 14.—Bunting and canvas are specified in the Tariff as subject to duty, and could not, therefore, be exempted.

Rope, tar, and such articles, if landed for sale, like other goods, are chargeable with duty.

Case 10, page 14.—Shirtings imported and sent up to Hankow. Transit duty was chargeable, in accordance with the terms of Mr. Bruce's despatch to Prince Kung already referred to.

It appears, however, that the duty was refunded (Mr. Fitz-Roy does not explain why). But this fact is not stated in the pamphlet, nor in the Memorial to Earl Russell.

Case 11, page 15.—Similar to Case 10. T-cloths imported and sent up to Hankow were charged with transit-duty; but from Mr. Fitz-Roy's letter to Smith, Kennedy, and Co. of the 26th July (page 15), it is to be inferred that the duty was, as in the preceding case, refunded.

With regard to the Rules issued by the Chinese authorities (see page 15), I learn from Mr. Fitz-Roy that, in deference to Mr. Medhurst's remonstrance, these were never enforced: a fact that should have been stated in the Memorial to Earl Russell.

(signed) H. N. LAY.

LONDON, January 11, 1862.

Despatch from Hon. F. W. A. Bruce, British Minister to Peking, to
 Rt. Hon. Lord John Russell, H.B.M. Secretary of State for
 Foreign Affairs, on efficiency of Custom House system.*

PEKING, April 13 1862.

MY LORD,

I enclose an article from the most respectable journal in China, China Herald
March 22nd
1862. as a proof that the European Public, in China, appreciate the practical benefit to our relations with this Government, accruing from the proof of foreign honesty and ability, as exhibited in the present system of administering the Custom-house. I have more reason than the writer to know that, in founding this system, more has been done towards progress and improvement in China than by all the Treaties that have been made with her. I repeat to your Lordship, that, without the presence of Mr. Hart, and the knowledge he possesses of Chinese financial arrangements, from his official position, I do not think I could have worked out, in detail at Peking, the Treaty of Tientsin, and it is to him and his European assistants that I must now look to overcome the ignorance and perverseness of the Chinese Provincial Officers.

I beg to say that with the experience I now possess, I would abandon, as hopeless, the task of realizing the indemnities, and of working out the commercial innovations introduced by the Treaty into China, if I were deprived of this auxiliary.

The real grounds of the opposition to the foreign Custom-house are two:—The indisposition to recognize any authority emanating from the Chinese Government, which arises from a mistaken view of the principle of ex-territoriality, and an aversion to see the enforcement of a more stringent system of regulations, which are essential, if the Chinese revenue is to be protected, and which are accompanied by increased formalities, and a curtailment of advantages, hitherto pretty generally enjoyed at its expense. This feeling was encouraged by the leading part taken in the agitation by Mr. Meadows, and by a misconstruction of the silence of Her Majesty's Government on the points at issue which encouraged the hope that a vigorous onslaught on the system, and its subjection to Consular Authority, would render it powerless for the objects it was intended to secure.

The difficulty of organizing rapidly an efficient executive and a preventive service at different ports, and especially at Canton, has led, in the first instance, I have no doubt, to the adoption of

* F.O. 17/371: despatch No. 33.

regulations, the strictness of which may be modified with advantage, as that want is supplied. But the necessity for these regulations is to be found in the extensive evasion of duties, practised at Canton by the river-steamers, and at Shanghai in the transit trade from other Ports. I may further mention the habitual introduction of arms and ammunitions, destined for the insurgents, under false designations and under cover of the names of respectable persons, entirely without their knowledge.

I have reason to know that the Custom-house is aware of the necessity of doing away with all reasonable grounds of complaint, and that many of them have been already remedied, and I beg further to state that no single case has been reported to me of confiscation or fine having been improperly levied. I, moreover, know that the representations of Consuls, in favor of their subjects, have been attended to in cases where in any other country the breaches of regulation committed, would have been met by the infliction of the heaviest penalty imposed by the law.

I warn Her Majesty's Government that I cannot maintain the high moral position it is my object to take at Peking, unless this establishment is upheld with the authority requisite to make it respected by foreign communities. My whole time and influence will be wasted in inglorious discussions, arising out of Custom-house cases, in which the object of the foreigner will be to defraud the revenue by all the ingenuity he can command, and the tendency of the Consul, to listen favorably to the suggestions of involuntary error and absence of corrupt intention with which, unscrupulous traders shield themselves when found out. These cases will not occur, if the foreign Governments refuse to listen to the insidious proposals which, under the pretence of guarding foreign rights, are really designed to reduce to a nullity the power of the Chinese Custom-house.

I must add that Chinese emigration can only be rescued from abuse by means of this foreign staff, and that I look to the gradual formation of a preventive service, as the most efficient means of suppressing smuggling, and with it, Piracy.

I have the honor to be, with the highest respect,
My Lord,

Your Lordship's most obedient, humble servant,
FREDERICK W. A. BRUCE.

THE RIGHT HONBLE.

EARL RUSSELL, etc., etc., etc.

Despatch from Hon. F. W. A. Bruce, British Minister to China,
to Right Hon. Lord John Russell, H.B.M. Secretary of
State for Foreign Affairs, on Mr. Robert Hart's
visit to Peking in 1861.*

PEKING, 7th July 1861.

MY LORD,

It has long been a matter of serious consideration with me by what means it would be possible to enlighten the ignorance and overcome the prejudices and corrupt influences a Foreign Minister would be certain to encounter at Peking on the subjects of trade and of Finance as connected therewith. It was idle to hope that discussions would produce any material effect which are based on the admission by both parties, as is the case in civilized countries, of the general maxims of sound administration, for those maxims are not accepted in China; and the necessities of the Government as well as the narrow horizon of Chinese statesmen, incline them to look exclusively to the immediate effects of any measure without reference to its ultimate results. Moreover general principles however sound, require in order to be applied with success, a full knowledge of the details and working of the system actually in operation, and although I have some knowledge of the corrupt practices of Chinese Officials, and a well founded suspicion that much of the revenue devoted nominally to local expenditure, does in fact go into the pocket of the officials, still I am not in a position to support these statements by figures, while the prejudices attaching to the representations made by a foreign Minister, are certain to give the triumph in such a contest to the provincial authorities and to their partisans in the capital.

I find however that, in spite of this corrupt opposition, some progress has been made at the principal Ports in persuading the authorities that Trade and Revenue go together, and that whatever may be the appropriation of the latter, whether it finds its way into the pocket of the Mandarin or into the Treasury, duties ought not to be exacted to such an extent, as to stop trade, or to drive it into the hands of the smuggler. This improvement has been effected by the influence of the Foreigners introduced into the Chinese Custom-house. But as long as a corresponding impression is not made at Peking, any reform of the system is dependent on the good-will of each local authority, and may be reversed at a

* F.O. 17/353: despatch No. 85.

moment's notice, by a change of officials, or by an order from the capital. I felt therefore that it was essential that my views should be supported by men the truth and honesty of whose statements could be relied on, who were at once in Chinese employ, and independent of those influences at Peking, which are unapproachable save by bribes, which can materially affect the career of a native authority, and which accordingly pollute all ranks of Chinese officialdom with a broad current of corruption. Such an instrument was at hand in the heads of the Foreign Customs Establishment and I have supported it against much opposition and with little encouragement from any quarter, as a necessary supplement and aid to the Foreign Minister at Peking, and as the best, if not the only, hope of gradually effecting by persuasion such a change in the views of the Imperial Government, as will admit of the exigencies of foreign commerce, and of foreign treaties, being worked harmoniously with Chinese administration.

One of my first instructions to Mr. Wade on despatching him to Peking in January last, was to persuade the Prince of Kung and his colleagues, of the advantages they would derive from personal intercourse with Mr. Lay. This he succeeded in effecting, taking care to point out that the Establishment was purely Chinese, and that Foreign Powers could not of right claim any voice in its constitution; and a letter was accordingly despatched to Mr. Lay naming him Inspector General of Foreign Trade, and summoning him in that capacity to the North. Mr. Lay's health was however so much shattered as to oblige him to proceed to England, leaving Messrs. Hart and Fitzroy to act for him during his absence.

Mr. Hart is a gentleman well versed in the language, unobtrusive and intelligent, and well acquainted with Customs matters, having served at Canton since the improved administration was introduced at that place. I had no difficulty in obtaining a summons for him to the North. But an intrigue was set on foot to prevent his coming further than Tien-tsing. Hêng-ki one of the associates in the Foreign Office, was lately Hoppo at Canton where he amassed a large sum by the usual practices. By aid of it he has acquired sufficient influence to be looked upon as an authority on commercial and foreign questions, and to obtain a decree from the Emperor empowering him to arrange them. No influence could be well more unfavorable, for his knowledge is derived from the traditions and experience of Canton, his notions on the policy to be observed towards foreigners are utterly retrograde, and his reputation and perhaps fortune were in danger if Mr. Hart were to bring forward facts of which he had knowledge affecting his

administration and accounts. Hêng-ki therefore was anxious to prevent him from having any direct intercourse with the Prince, and Wên-siang, who is a Vice-President of the Board of Revenue; and armed with the Emperor's authority he started for Tien-tsing to stop Mr. Hart's further progress, and to constitute himself the medium of communication between him and the Foreign Office. As I had however consented to postpone the consideration of the Yangtze regulations, of the opium duties, and other matters till his arrival, I had already written to Mr. Hart to come up without delay and presented him to the Prince and Wên-siang.

At the first interview the Prince seemed reserved, and as if apprehensive that his dignity might suffer from intercourse with a subordinate foreign employé. But Wên-siang between whom and Hêng-ki there appears to be no connection, was evidently anxious to obtain all the information possible on financial and commercial matters. Mr. Hart had come up prepared with documents and figures to support liberal views, of which he was able to put Wên-siang in possession by written memoranda, and in conversations which often lasted through the entire day. He found Wên-siang intelligent and quick of apprehension, much more so, in spite of his ignorance than Hêng-ki, who finding his prey had escaped hastened back from Tien-tsing. Hêng-ki was not able however to take much ostensible part having been forced to retire from business for 100 days the term of mourning imposed on the Manchoos, on the death of a mother. The Prince himself became friendly and courteous in the highest degree, and the impression produced by Mr. Hart's honesty and frankness was so favorable, that he was urged strongly to remain at Peking to assist the Chinese Government in these questions. He has however been obliged to leave to look after the Ports, after which he is to return. On the second occasion I trust he will be lodged by the Chinese Government and thus recognized as a member of their official establishment. The Prince always speaks of him as "our Hart" and the common answer to any suggestion which appears reasonable but difficult of execution, is, "We could adopt it if we had 100 Harts." Indeed the most discouraging features in China, are, the confession by these High Authorities, that they have no men for any office that requires probity and devotion to the public interest, and the constant allusion to the difficulties they have to encounter on the part of the Emperor and his "entourage."

On Mr. Hart's leaving Peking the Prince addressed a letter to myself and one to Mr. de Bourboulon informing us of the appointment and containing the instructions issued to the heads of

the department. Some of the duties imposed on them are probably inserted with a view to conciliate Jeho—where the carrying of Chinese produce in foreign bottoms has been so represented as to create alarm at the prospect of the falling off in the duties paid by native trade at Tien-tsing. On this subject and other specific points treated of during Mr. Hart's visit I shall address Your Lordship hereafter, but I may allude to one provision which is of considerable importance, and which was introduced at Mr. Hart's suggestion, namely, that of reporting quarterly the duties received to the Board of Foreign Affairs. This will tend to give some practical acquaintance with the Financial view of trade to those high officers, with whom Foreign Ministers are brought in contact.

I may remark that Wên-siang though intelligent, seemed rather inclined to gain than to give information on such matters as the tariff on native produce brought from other Ports, etc. This branch of Revenue being provincial and managed by the Chinese themselves, gives great scope to corruption, and there is therefore in addition to a Protectionist sympathy for the employment of native shipping, a strong desire on the part of the native authorities to keep it under their own control. Probably they have partisans in the Board of Revenue, perhaps even Wên-siang himself. In discussing whether the Revenue gained or lost by the employment of foreign shipping in this trade on payment of the Tariff export duty at the port of shipment, Mr. Hart could not extract from him any positive information as to the rates imposed on native vessels.

I am far from entertaining the opinion that these various opposing influences will be easily overcome. It is a Herculean enterprize to cleanse this Augean stable; but if anything is to be effected by persuasion, it must be done through the instrumentality of men of sound views and of upright conduct in the service of the Chinese Government.

I think it therefore an important event, that this opportunity should have been afforded, and that Mr. Hart a British subject in Chinese employ should have had access to, and made a favorable impression on men as high placed as the Prince and Wên-siang. His reception and treatment can hardly fail to have a considerable moral effect on the position of foreigners generally, and will give him great influence over the provincial authorities. It is not easy at a distance to realize the full significance of a change so novel in the position accorded at Peking, to one whom three years since they would have looked upon as a "barbarian." Even six months

ago when Mr. Wade first mentioned the subject, the Prince was much disinclined to see Mr. Lay or even to allow him to come to Peking.

I have the honor to be, with the highest respect,
My Lord,
Your Lordship's most obedient, humble servant,

FREDERICK W. A. BRUCE.

THE RIGHT HONBLE.

THE LORD JOHN RUSSELL, etc., etc., etc.

Agreement entered into between Mr. H. N. Lay and
Captain Sherard Osborn.*

LONDON, *January* 16, 1863.

The following conditions embody our mutual understanding:—

1. Osborn agrees to take the command of the European-Chinese navy for a period of four years, and stipulates that there shall be no other European naval Commander-in-Chief.
2. Osborn, as Commander-in-Chief, is to have entire control over all vessels of European construction, as well as native vessels manned with Europeans, that may be in the employ of the Emperor of China, or, under his authority, of the native guilds.
3. Lay will procure from the Emperor such an authority as may be necessary to cover Osborn's acts as the Commander-in-Chief of the European-Chinese navy.
4. Osborn undertakes to act upon all orders of the Emperor which may be conveyed direct to Lay; and Osborn engages not to attend to any orders conveyed through any other channel.
5. Lay, upon his part, engages to refuse to be the medium of any orders of the reasonableness of which he is not satisfied.
6. Osborn will appoint all officers and men on board the vessels of the force, subject, however, to the approval of Lay, as the representative of the Emperor.

* B.P.P.: China, No. 2, 1864, p. 7.

7. Osborn's subordinates will not be at liberty to act without his permission; and Lay will not authorise his subordinates to call upon them to act without having first consulted Osborn, and obtained the necessary order.

8. Lay and Osborn agree to carefully inquire into any complaints that may be preferred against the officers and men employed in the force by Chinese officials.

9. The force being European, it is indispensable that the flag under which it acts should have an European character, first, to secure its own efficiency; secondly, to ensure for it due respect in the eyes of the foreign communities.

Lay, therefore, agrees that the flag shall be green, with two yellow diagonal bands, bearing in the centre a blue imperial dragon. Green is chosen because it is rarely used by European Powers, and therefore not likely to be confounded with any other national colours.

10. Lay undertakes to procure from the Emperor, as soon as possible, a sum of money as a guarantee fund, to cover the pay and maintenance of the force for four years, and in the meantime it is understood that the vessels, with their equipment, will constitute the security for the just claims of the force.

11. In the event of the death of either Lay or Osborn, these conditions, which are entered into with the authority of the Emperor of China, are not, it is understood, in either case to be departed from.

12. The conditions of this understanding, the terms of the formal agreement, and the printed instructions, shall be formally ratified by the Emperor at Pekin, before Osborn shall be called upon to act with the force under his command.

13. In the event of Osborn's death from disease while in command of the force, Lay will recommend the Emperor of China to make some grant to his widow and children.

(signed) H. N. LAY.

SHERARD OSBORN.

Translation of despatch from Prince Kung to Sir F. W. A. Bruce
on Sherard Osborn Fleet.*

PEKIN, *October 25, 1863.*

The Prince of Kung makes a communication in reply.

The Prince has to acknowledge the receipt of the British Minister's despatch of the 20th instant, on the subject of the purchase of a steam flotilla and armament by the Chinese Government.

Inasmuch as the Chinese Government of its own motion authorized the Acting Inspector-General Hart to purchase (vessels), the Prince therefore did not trouble the British Minister with any particulars in regard to the matter; but as the Prince is now in receipt of a letter from the British Minister on the subject, it becomes His Highness's duty to put his Excellency in possession of the full particulars of the matter.

In the memorandum which Mr. Hart submitted in person to the Members of the Foreign Board, last year, as to the officers, gunners, and crews of the steamers (it was proposed to purchase), he mentioned that it would be necessary to appoint a Chinese high officer to act with Captain Osborn in all matters connected with the control and management (of the fleet); he also mentioned that there should be selected 200 Chinese (Hoonan men), to serve as gunners; 200 Shantung men, as sailors; 100 Manchoos, as marines, and 50 Manchoos, to act as powder-monkeys. It appeared to the Members of the Foreign Board, upon examination of his proposition, that it would be of advantage, and not injurious to China. It was not proposed that the people to be engaged for the steamers should consist wholly of foreigners, nor was there any intention of depriving the Chinese Government of the military authority. The Foreign Board therefore memorialized the throne, and received His Majesty's sanction and permission to carry out the proposal, and the Prince issued official instructions to Mr. Hart to proceed with the purchases, etc., in accordance with that sanction, stating clearly, moreover, in his letter, that it must rest with the Governors-General and Governors to appoint officers to the fleet.

Mr. Hart subsequently informed (the Members of the Foreign Board) that, with reference to the purchase of vessels and guns, he had officially addressed the Inspector-General Lay, who was at

* B.P.P.: China, No. 2, 1864, pp. 27, 28. F.O. 17/395: Bruce to Russell, despatch No. 168, 9th November 1863.

that time in England, and had placed the whole matter in his hands, and that therefore it would be necessary for the Prince to issue to Mr. Lay a letter of authority to enable him to act.

The Foreign Board considering that it had Mr. Hart's memorandum before it, expected that, no matter who might be entrusted with the management of the affair by Mr. Hart, under the authority of the Chinese Government, he would still act in accordance with that Memorandum. Mr. Hart afterwards informed the Board that his Memorandum was only a general idea of the probable arrangement, and had reference only to the number of Chinese soldiers (to be employed); but that foreign officers, gunners, and crews, etc., would have to be engaged for service on board the vessels by Mr. Lay, to whom it would have likewise to be left to arrange the various agreements for the amounts of salaries, wages, etc., at the time of their engagement by him. The Foreign Board, considering that as the matter to be arranged remained the same, Mr. Hart having first been entrusted to proceed in the matter, and Mr. Lay afterwards having succeeded to the management, the mode of proceeding would, as a matter of course, not differ from Mr. Hart's original memorandum, accordingly prepared the letter of instructions to Mr Lay as Mr. Hart had suggested. Comparing that document with the letter which Mr. Lay, on his arrival in Pekin, addressed to the Prince, inclosing an agreement in thirteen articles, it was found to differ very materially from Mr. Hart's memorandum. For instance, he proposed that all orders (to Captain Osborn) from His Majesty must pass through him (Mr. Lay), and that if conveyed through any other channel they could not be obeyed. As China would thus have spent several millions of revenue without obtaining an atom of power, his arguments (in support of the agreement) were rebutted, and in the place of it five other articles were drawn up, every sentence of which was discussed and settled in personal interviews with Mr. Lay and Mr. Hart, and without the slightest word to the contrary on their part. The money clauses for monthly expenditure were also one by one discussed and settled; and that being done the arrangements determined by the five articles and the money clauses were embodied in a Memorial, and respectfully submitted to and approved of by His Majesty. Since that time all the monies for monthly expenditure, and for purchase and equipment, have been regularly paid over according to agreement.

The regulations have been ratified, and large monthly payments made, it was expected that as soon as the vessels arrived they would accomplish their work, and that there would be no further discussion.

But now the Inspector-General, all at once turning his back on the Imperial Decree, disobeys the five Articles which had been discussed and settled in personal interviews, and had received the sanction of His Majesty, and brings up afresh the thirteen clauses which it was settled face to face should not be put in force, and insists upon their adoption. The agreement in thirteen articles is not only at variance with Mr. Hart's memorandum appended, but is different from the Prince's letters addressed to Mr. Lay and Mr. Hart, and is not in accordance with the intentions of His Highness when he gave his authority to Mr. Lay to enter into the various agreements, and hence the Foreign Board did not accede to the agreement in question.

Moreover, when it had been distinctly settled at the time in a personal interview that the five Articles should be the rules of action, and when the Inspector-General had received a despatch announcing that these articles had been ratified by His Majesty, and when in accordance with these five Articles he has already been paid over the money to cover expenses for several months, how is it that he presumes to disobey an Imperial Decree, looking upon it as mere child's play?

The British Minister and Mr. Wade have on former occasions urged that Chinese military authority ought not to be delegated to foreigners. The principle for China and foreign countries is in this matter identical. And the Prince is still rejoiced to think of the surpassing discernment of the British Minister and Mr. Wade, of the justice and fairness of their remarks, and that they do not share the wish of the Inspector-General, who would insist upon imposing restrictions on the Chinese Government.

As the British Minister has addressed a despatch to the Prince on this subject, his Highness has not been able to avoid entering thus fully into particulars in his reply. If the British Minister will but weigh the matter impartially he will, without doubt, perceive plainly (the real state of the case, or, that the Chinese Government is in the right.)

Inclosed are copies of Mr. Hart's memorandum of the letter of instructions to Mr. Hart, of the two letters to Mr. Lay; of Mr. Lay's letter to the Prince, inclosing the agreement, and a copy of the five Articles discussed and agreed to in personal interviews with Mr. Lay; all which the Prince requests the British Minister carefully to peruse.

A necessary communication addressed to

HIS EXCELLENCY SIR F. BRUCE, K.C.B., etc.

Tung-Chih, 2nd year, 9th month, 13th day.

(October 25th, 1863).

**Translation of despatch from Prince Kung to Sir F. W. A. Bruce,
H.B.M. Plenipotentiary, on Agreement between Mr. H. N. Lay
and Captain Sherard Osborn.***

PEKIN, November 2, 1863.

The Prince of Kung makes a further communication in reply on the subject of the purchase of the steamers by the Chinese Government.

As Captain Osborn purposed disbanding the entire force which he has under his command, it is the duty of the Prince of Kung to set forth (beforehand) clearly and in precise terms the reasons why the Chinese Government has not been able to accede to the Agreement in thirteen Articles entered into between Mr. Lay and Captain Osborn.

1. Article 4 of that Agreement runs as follows: "Captain Osborn undertakes to act upon all orders of the Emperor which may be conveyed direct to Mr. Lay; and Captain Osborn engages not to attend to any orders conveyed through any other channel."

Now, as Captain Osborn is not a subordinate of Mr. Lay's, why should it rest with Mr. Lay to transmit the orders which Captain Osborn can alone obey. The Prince's letter of instructions to Mr. Lay only stated that when the purchase and equipment of the vessels should be completed they must proceed to Shanghai there to await orders for their distribution. There was no such language in it as that the commander of the vessels should receive his orders from Mr. Lay, and through no other channel. If that where the case then China would be placed completely in his (Mr. Lay's) hands. The Prince's letter of instructions had no such intention as this. For these reasons (the 4th Article) cannot be acceded to.

2. Article 5 runs as follows: "Lay, upon his part, engages to refuse to be the medium of any orders of the reasonableness (or practicability) of which he is not satisfied." Now, in regard to orders that could not be carried out, Captain Osborn could well have consulted with the Chinese high officers (on the spot); but if it were as (this Article) proposes, then the Chinese high officers could hold no communication with Captain Osborn, and thus important operations would be seriously impeded. Therefore this Article could certainly not be agreed to.

* B.P.P.: China, No. 2, 1864, pp. 30, 31.

3. Article 10 provides that "Mr. Lay must, in addition, procure a sum of money about sufficient to cover salaries, wages, and other expenses for four years. For the present, while in England, the vessels and their equipments must stand as security (for all claims)."

Now this Article shows that Mr. Lay cannot trust the Members of the Foreign Board, how, however, can the Prince so far trust Mr. Lay as to hand over to him, a single individual, such a large sum of money. Moreover, China has never followed such a rule as to pay four years' salary beforehand. (This Article) for these reasons cannot be agreed to.

The above three Articles are not only disadvantageous to China, but do not accord with the (Prince's) original letter of instructions. As for the less important objectionable points (in the Agreement) it is unnecessary to point them out one by one.

The Prince and the Members of the Foreign Board have seen that the said agreement in thirteen articles contains provisions very much at variance with the object which the Chinese Government had in view in the purchase of the vessels; and now that Captain Osborn is about to take home and disband the force which he has brought out, the Prince has to express his sincerest thanks to the British Government for its friendly intentions in allowing the equipment of the vessels, and in granting special permission to officers to come to China. His Highness must also thank Captain Osborn for all the trouble to which he has been put in procuring the fleet and in bringing it out to China. The Chinese Government will, as a matter of course, pay to Captain Osborn and to all his officers and men their salaries, wages, etc., and all their miscellaneous expenses up to the day of their arrival in England; and, in addition, will present 10,000 taels to Captain Osborn as a recompense for the (additional) trouble (to which he will be put). All these moneys to be given out of the sum that will be realised by the sale of the vessels.

The Prince would also request the British Minister to be so good as to suggest an effectual method by which the money spent in the original purchase of the vessels, guns, and equipments may be refunded to the Imperial Treasury of China.

As these vessels are not to be in the service of the Chinese Government, the Prince has also to request the British Minister to withdraw and cancel the Chinese flag at present used by them.

As the British Minister has already read the Prince's original letter of instructions to Mr. Lay, his Highness incloses, herewith, for his Excellency's perusal, a more particular and clear explanation of the important points in that letter.

A necessary communication addressed to

SIR FREDERICK BRUCE, K.C.B., etc.

Tung-Chih, 2nd year, 9th month, 21st day.

(November 2nd, 1863.)

**Despatch from Sir F. W. A. Bruce, H.B.M. Plenipotentiary, to
Prince Kung on dissolution of Sherard Osborn Fleet.***

PEKIN, November 6, 1863.

SIR,

I have the honour to acknowledge the receipt of your Imperial Highness's despatches of October 25th and November 2nd, inclosing papers connected with the steam flotilla, and stating the reasons which have weighed with your Imperial Highness in declining to ratify the proposed agreements.

Your Imperial Highness will have observed that I have maintained the strictest reserve while this question was under discussion. It was for China and China alone to decide for herself on a matter so intimately connected with her internal administration, and I should have acted contrary to the spirit in which I am instructed to conduct the relations of Great Britain with China, had I endeavoured to press its acceptance against the convictions of your Imperial Highness, after the long and full discussion the subject has undergone. The British Government, in the belief that this scheme had met with your Imperial Highness's approval, had placed ships, officers, and men at your disposal; but it certainly did not intend to force them on your acceptance, in the event of your deciding that the conditions on which alone this force could act were such as you could not agree to. I shall not therefore discuss the arguments advanced in your Imperial Highness's despatch, on which it is not my province to pronounce any opinion, and I shall confine myself to expressing my sincere regret that the details of

* B.P.P.: China, No. 2, 1864, pp. 32, 33.

this scheme were not communicated to your Imperial Highness before the expedition left England, as much expense and embarrassment would have been thereby avoided.

My duty in this matter is to assist your Imperial Highness, as far as possible, in finding a way out of these difficulties, and I have much pleasure in acknowledging the just and liberal spirit in which your Imperial Highness is disposed to treat the claims of the officers and men engaged to serve in these vessels. A question may arise on the contracts entered into with these men as to the date up to which they are entitled to be paid, namely, whether up to the 30th of August of next year, or only up to the time of their arrival in England. This question I have no power to decide; but as I am anxious that the Chinese Government should be put to no unnecessary expense, I have instructed Captain Osborn that he is to take the opinion of a competent legal authority on the point, and to be guided by it. He is also to dispose of the vessels on the most advantageous terms, and remit the balance, after payment of expenses, to the Chinese Government. I can assure your Imperial Highness that you may have full confidence in him, and that after the handsome manner in which he has been treated by your Imperial Highness, no effort on his part will be wanting to justify it.

As there may be some difficulty in providing the funds necessary for the winding-up of this affair, I will instruct the Consuls to advance what may be required out of the forthcoming payments on account of the indemnity, the sum thus advanced to form a lien on the ships, and to be repaid out of the proceeds of the sale. I feel assured that Her Majesty's Government will appreciate the considerate spirit in which your Imperial Highness has acted, and will willingly assist Captain Osborn in carrying out his instructions.

I have, etc.,

(signed) F. W. A. BRUCE.

Despatch from Sir F. W. A. Bruce, H.B.M. Plenipotentiary, to Captain Sherard Osborn, giving instructions on disposal of Fleet.*

PEKIN, November 6, 1863.

SIR,

As you are aware, the scheme of keeping the ships of the flotilla in deposit awaiting instructions from Her Majesty's Government has been abandoned, and the Chinese Government has requested me to send the vessels to England to be disposed of. His Imperial Highness expresses his thanks to yourself for the trouble to which you have been put in procuring the fleet, and in bringing it out to China, and requests you to accept 10,000 taels in addition to your pay for the labour entailed upon you by it.

He further requests that the ships may be put under another flag. That, however, is a point which must be left to your discretion.

I have, therefore, to request that you will take charge of the vessels and men with a view to the disposal of the former in England, or in India, as you think best; the officers and men to be sent home and to be paid up to their arrival in England. But as the contract may be construed to give them a claim for pay for three months after their arrival, or up to the 30th of August, it will be advisable to obtain the opinion of counsel as to the liability of the Chinese Government, they having declined to accept the flotilla on the ground of their agent having exceeded his authority in the conditions attached to the scheme. You will feel with me, that our honour is involved in winding up this affair on terms as little onerous as possible to the Chinese Government.

I will give instructions to the Consul to contribute what may be required out of the monies received by them on the indemnity account, to meet such part of the expenses of sending the vessels home as the Chinese Government is unable to provide for. The sum so advanced will form a lien on the ships, and to be deducted from the expenses of sale, or set off against the value of the ships and stores, should Her Majesty's Government decide on taking any of them back.

I think it but just to you to express my entire approbation of the honourable and dignified course you have pursued during the discussion of this question at Pekin. An officer more alive to

* B.P.P.: China, No. 2, 1864, p. 33. F.O. 17/395: Bruce to Russell, despatches Nos. 168 and 178 of 9th and 19th November 1863.

pecuniary advantages, less scrupulous as to the interests of Great Britain, and less careful of his own honour, might have admitted some unsatisfactory compromise as to his position, and might have trusted to an arbitrary exercise of the power wielded by him to have extricated himself from future embarrassments. By your firmness you have saved Great Britain from complications, and you have vindicated the honour of the British uniform in the eyes of the Chinese by refusing to accept an unbecoming position. However disappointing the result of your honourable wish to advance the cause of progress in China, you have the consolation of knowing that you have gained the respect and approval of persons of every nation who are acquainted with the course you have pursued.

I have, etc.,

(signed) F. W. A. BRUCE.

Translation of despatch of 15th November 1863 from Prince
Kung to Mr. H. N. Lay, dismissing him from post of
Inspector General of Customs *

The Prince of Kung issues these instructions to Mr. Lay.

As you, the Inspector-General, have failed to carry out satisfactorily the flotilla scheme, with which you were charged, it is not expedient that the Foreign Board should continue you any longer in its employment, and accordingly Mr. Hart has been already appointed to succeed to the post of Inspector-General of Customs Affairs, and you are hereby commanded to cease discharging the duties of the said office of Inspector-General from and after the day on which you receive this despatch.

You are also instructed to hand over at once to the Foreign Board the various moneys in full now in your hands on account of tonnage dues, and to proceed to Shanghai; and then, within a period of four months, reckoning from the day you receive this despatch, to make up clearly all your accounts, both of income and expenditure, and to hand them over, each and all, together with all sums of money of every description, which you may have to return (to the Chinese Government), as well as all business you may have in hand, to

* B.P.P.: China, No. 2, 1864, pp. 35, 36.

Mr. Hart, the newly appointed Inspector-General, who, having taken them over, will report on the matter to this office, and await its instructions.

Though you are no longer in office, the Chinese Government, in order to show its desire to treat you with more than its bounden liberality, authorize you to draw your usual salary up to the end of the four months to which you are limited.

As the time allowed you is amply sufficient, you will not exceed it in the slightest.

Inspector-General Hart and the Superintendents of Customs at the various ports, have been written to on the subject, and this most important despatch is addressed to you in order that you may act in obedience to it.

**Translation of despatch of 15th November 1863 from Prince
Kung to Mr. Robert Hart, appointing him as
Inspector General of Customs.***

The Prince of Kung issues these important instructions to Mr. Hart, for his information and guidance.

Mr. Lay has been dismissed from the post of Inspector-General of Customs, and has been instructed to proceed to Shanghai to wind up everything still unsettled by him, and We (knowing that) you, from the date of your entering the Customs to the present time, have in all cases acted harmoniously and with success, hereby appoint you to the post of Inspector-General of Customs Affairs. You will reside and transact all business at Shanghai; and if any important question arise, you are authorised, as heretofore, to come to the capital as occasion requires, to report and deliberate thereupon.

You will report, as it may be necessary, all matters of daily occurrence at the several ports both on the northern and southern sea-board, and on the Yang-tsze, to their Excellencies Li or Chung, as the case may be, Ministers Superintendents of Trade, and will abide by their instructions.

The late Inspector-General, Mr. Lay, has been given a period of four months within which he is to transfer all business into your hands, to make up carefully all his accounts, both of income and

* B.P.P.: China, No. 2, 1864, p. 36.

expenditure, to hand them, together will all sums of money he may have to return (to the Chinese Government) over to you, the Inspector-General.

You will therefore, on receipt of this despatch urgently press Mr. Lay to transfer immediately into your hands all matters with which he has been charged, and which are still unsettled.

Your prudence, tact, and experience are known to all, both Chinese and foreign, and it will behove you to be still more careful and diligent, so as to justify your present appointment.

A copy of the letter (of dismissal) to Mr. Lay is inclosed herewith for your instruction and guidance.

Their Excellencies the Ministers Superintendent of Trade have been written to on this subject.

Despatch from Sir F. W. A. Bruce to Earl Russell on the
circumstances which led to the dissolution of the
Sherard Osborn Fleet.*

PEKIN, November 19, 1863.

(Extract.)

I have the honour to inclose copies of various documents, forwarded to me by Captain Osborn, on the refusal of the Chinese Government to agree to the conditions on which, alone, he had consented to organize a steam flotilla for the service of the Emperor of China.

Also, of my correspondence with the Chinese Government and with Captain Osborn, on the disposal of these war-vessels, and on the arrangement, ultimately agreed on, for sending them and the officers and men to England.

In order to understand clearly what has taken place, it must be borne in mind that though the flotilla sailed in winter from England for China, it was not until Mr. Lay arrived here in the spring that the Chinese Government had any intimation of the composition of the force, of the cost of its maintenance, or of the contents and scope of the undertaking entered into by Mr. Lay

* B.P.P.: China, No. 2, 1864, pp. 21-25. F.O. 17/395: despatch No. 168.

with Captain Osborn; I must call your Lordship's attention to the latter document, as the refusal of the Chinese to ratify it has proved fatal to the success of the scheme.

Mr. Lay proceeded at once to urge on this Government the necessity of conferring upon himself and Captain Osborn the authority he had engaged in his undertaking to procure. His recent arrival from Europe, the honours conferred on him by Her Majesty, and his acquaintance with men of influence and standing, enabled him to assume, in dealing with the Chinese Government, rather the dictatorial tone of an independent authority than the language of persuasion appropriate to the agent of the Government he was addressing. His hopes of success were strengthened by the reserved attitude of the Ministers of the Treaty Powers, all of whom, on different grounds, had reason to be dissatisfied with the dilatory proceedings of this Government in granting redress for illegal acts committed by the local authorities. The Prince and his advisers were thus led to infer that a scheme which promised to strengthen the hands of the central Government, as against provincial influences, could not fail to be acceptable to foreign Ministers, as being a step towards that policy of centralization which they had always advocated, and that a feeling existed in their minds that the difficulties encountered by Mr. Lay were attributable to retrograde views.

So far, therefore, as foreign influences were concerned, Mr. Lay was more favoured by events than he could have reasonably expected, considering the exclusive composition of the force and the jealousies which, in this respect, it was fitted to awaken. I can state positively that nothing fell from the foreign Ministers calculated to thwart him in his attempts to obtain the ratification of these agreements, and that his failure is due to the spontaneous resolution of the Chinese themselves; their motives being the opposition of the provincial authorities; the reluctance of the Chinese Government to assume the responsibility of directing the force instead of leaving it to be directed by local Governors; and, above all, the alarm and suspicion engendered in their minds by the proposals contained in the understanding entered into by Mr. Lay and Captain Osborn, by which they considered that the exclusive control of the operations would be vested in Mr. Lay, who would thus be enabled, indirectly, to compel them to act in all matters in subservience to his will.

Mr. Lay injudiciously, in my opinion, held language and advanced pretensions which tended to increase their apprehensions in this respect. He proposed that they should give him a "Foo"

to reside in, that is to say, one of the palaces conferred by the Emperor on princes of the blood, such as those inhabited by the Ministers of England and France; a class of building which the highest officers of the Chinese Government are not permitted to inhabit. He acted as if he held the independent position of head of a great revenue department, which put him on an equality with Wensiang and the superior Members of the Foreign Board, and as, therefore, only accountable to the Prince of Kung, the Vice-Regent of the empire. The members of the Foreign Board could obtain from him no specific statement, or account, of the sums expended by him, or anything beyond vague assurances that the money had been rightly spent, and would be accounted for in due time, and he insisted on the dismissal of the two Chinese superintendents, placed by this Government at the head of the Customs Department, and the appointment of himself as sole director and recipient of the foreign Customs revenue, amounting already to about £3,000,000 sterling, with a fair prospect of increase. In fact, it is impossible to doubt that Mr. Lay, full of large schemes of progress and commercial development in China, desirous of arriving at immediate results, and conscious that the course of improvement will be both uncertain and slow, if depending solely on the influence which events and persuasion combined may gradually exercise in the Chinese mind, aimed at solving the difficulty by obtaining the sole command of the most certain source of the Imperial revenue, and of the most efficient branch of its executive. Armed with this power he hoped by threats of suspending the action of the flotilla, and of withholding the funds, that the Chinese Government would be compelled to adopt such measures as he should propose. He was to dictate the policy to be pursued; it was to be promulgated to the empire by Imperial Decree; and to be executed by the flotilla and such land forces as might be required, the expenses of which were to be provided for out of the Customs revenues.

I believe I am correct in assuming that an article in Blackwood's Magazine of January 1863, entitled "Progress in China," contains a statement of the results anticipated by those who promote this course of policy, and I concur with Mr. Lay in thinking that nothing short of a dictatorship lodged in European hands, and so supported by foreign influence as to render the Chinese powerless to defeat or thwart it by intrigue or opposition, would enable its supporters to realise the promises it holds out. Even thus, looking to the reluctance of the Chinese Government, and the determined hostility of provincial authorities, this scheme could not have been successfully carried out.

The Chinese Government, however, comprehended at once the scope and bearing of this scheme, and look upon it as an insidious attempt to take the administration out of their hands. They were unacquainted with Mr. Lay, and employed him as their agent for the purchase of ships and hiring of men at Mr. Hart's suggestion, who recommended him as a person on whom they might rely, and who, being in England, could carry out their wishes in a satisfactory and economical manner. They had no such special confidence in him as would have induced them to put themselves in his hands. They do not look upon the Inspector-General as anything more than a subordinate officer in their employ, to whom a general superintendence is given over the foreigners engaged to aid in the collection of the Customs revenue on foreign trade, but on whom no control is bestowed over the application of the receipts. They do not consider him as a political officer at all, nor do they consult him as of right even in questions affecting foreign trade. It was only at my invitation, and contrary to the intentions of the Chinese Government, that Mr. Hart was able, two years ago, to come up to Pekin, and it was only by his tact, good sense, and modesty, that he obtained access to the Prince of Kung, and turned to useful account the favourable impression he made upon his Imperial Highness and his advisers. It is a significant mark of the light in which they view Mr. Lay's pretensions, that he never was admitted to the Prince's presence during these months of discussion. Indeed, he would not have seen him at all had I not requested an interview with the Prince, which he anticipated would be of a disagreeable character. To forestall any remark I might make on his not having seen Mr. Lay, he sent for him in the morning, and had a few minutes' conversation with him on indifferent matters.

If the hope, therefore, was entertained in any quarter that Mr. Lay enjoyed, either on account of his personal merits, or in virtue of his office, any such influence over the Chinese Government as would enable him to carry out the views he entertained with their concurrence and assent, it was founded on an entire misapprehension of his position, and of their feelings towards their foreign employés. They looked upon him as an agent for a special purpose, whose authority was limited to the purchase of ships and to the engaging of men to bring them out. They certainly did not contemplate conferring upon him any authority to tie up their hands for years as to the manning of these vessels, still less that he should take upon himself to determine, at his will, how the operations of the ships were to be directed, and under whose immediate orders they were to be placed; and they were totally indisposed to alter the character

of the office he bears, to give to him, or to any foreigner, a leading part in the administration of the Government, or to invest him with any control over the Customs' revenues, except in so far as was required to meet the expenditure of the foreign part of the establishment. They are profoundly irritated, not only because of the embarrassments in which they are involved by his having exceeded his authority, but on account of the position he thus sought to create for himself. They attribute his conduct to personal motives, and their confidence in the good faith of foreign agents has been most seriously shaken.

After much discussion the enclosed paper was drawn up by the Chinese Government, and in order to mark that they could go no further, it was invested with the form of an Imperial Decree, the form they adopt when discussion is closed. Whether, as they assert, they understood Mr. Lay to acquiesce in this arrangement or not I am unable to determine, and it is of little consequence, as it remained with Captain Osborn to decide how far he would consent to the modification of his understanding with Mr. Lay.

The officer shortly afterwards reached Pekin. During his voyage up the coast incidents were not wanting to show him that his position would be one of more difficulty than he had been led to expect. He found that he would have to encounter the bitter opposition of a large section of the foreign communities, and the active hostility of the provincial authorities. Agents were employed at Shanghai to go on board his ships and to seduce his men, by offers of higher pay, if they would enter the service of the Governor of Keangsoo. He was obliged, in consequence, to discharge some of his men who became dissatisfied with the rates of pay assigned to them, and to remove his vessels up to Chefoo to prevent the disorganization of his force. He felt that the efficiency of his squadron required not only that he should be freed from the control and interference of the provincial officers, but, further, that effectual steps should be taken to prevent them from offering employment to his men, otherwise his ships might be disabled at any moment. In addition to these difficulties in the provinces, he found on his arrival at Pekin that the Chinese Government looked upon the flotilla as part of a scheme to place them in a position inconsistent with their dignity and independence of action, and therefore doubly indisposed to antagonise the provincial authorities in its behalf. He accordingly decided, after mature reflection, to abide by the terms of his understanding with Mr. Lay, and to call on the Chinese Government to declare whether they would ratify the agreement or not. On receiving a verbal refusal through Mr. Lay (no written

communication having been addressed to him during the period of delay granted in his letter), Captain Osborn enclosed to me the documents with the accompanying letter. It was essential that a decision should be come to at once, as he held no commission, and his authority to enforce discipline among his men was liable to be called in question.

Thus far I had taken no part in the discussions between Mr. Lay and the Chinese Government. Indeed, I studiously avoided expressing any opinion on the proposals made to them, for I felt much embarrassment as to the answer I should be compelled to give if the Chinese Government put the question to me: Are we bound to ratify this agreement against our convictions? I foresaw, also, that if I were to attempt to extort their assent against their will, the question would become a political one, for the Chinese would certainly have consulted the other foreign Ministers, and in spite of their wish to act with me in a friendly and large spirit, I could not expect their support in any attempt to impose this scheme upon them by menace. I therefore resolved to leave the matter to be arranged, if possible, by the Chinese themselves with their Agent and Captain Osborn, and to protract, in the interest of the scheme, the suspense in which they were held as to my opinion and intentions.

During this period I had two interviews with the Foreign Board. In neither did they allude to the flotilla, and I imitated their reserve. Our conversation turned on the dangers arising from the employment of foreign adventurers by the local Governors, and on the impossibility of foreign officers of character being induced to serve the Chinese by land or sea, unless they held formal commissions from the central Government, and unless they were secured against the caprice and jealousy of the provincial authorities. In fact, this was the line of observation most likely to induce the Government to accede to Captain Osborn's terms; for if they and the provincial Governors had felt convinced that they would be deprived of the foreign element which has gained for them all their late successes near Shanghai, and would have to rely on purely Chinese resources, they would have had a strong inducement to agree for the moment to the conditions proposed.

So long as Governors can obtain on their own terms foreign officers and steamers officered by foreigners sufficient to repel the insurgents, it is idle to expect that the Government at Pekin will undertake the organization of an Imperial force either on land or on the sea, and thereby relieve local Governors from the responsibility of maintaining tranquillity in their provinces, which is the established

principle of Chinese administration. Of their reluctance to make this change in their system, we have abundant proof in the abandonment of foreign drill at Tientsin, in their refusal to engage, under contract, French drill instructors, or to accept the gratuitous services of officers whom the Russian Government offered to lend them for that purpose.

It was now, however, incumbent on me to interfere directly, and the first step I took was to inform the Chinese Government that I could not consent to hand over the ships to them without instructions from Her Majesty's Government. My reasons for taking the step were, that the ships were held as security by Captain Osborn for fulfilment of the terms agreed on by the men; that the latter were entitled to be sent home, and that it was not quite clear whether they were to be paid up to the time of their arrival in England or up to the 30th of August next. Moreover, these ships are not of a kind that the Chinese could manage, or that it would be safe to put in the hands of the class of foreigners who are on board the small steamers bought by the Governor of Kiangsoo (about ten in number), and which have proved so efficient in the operations near Soo-chow. On the other hand, it would not be safe to sell them on the coast, as they might fall into the hands of hostile Daimios in Japan, or be bought for employment as Confederate cruisers in these seas. The inclosed copy of a despatch from the Minister of the United States will show that he was alive to this danger; and I may add that M. Berthemy was equally of opinion that the flotilla should not be given up, as there was no means of guaranteeing to what purposes the ships might be turned. It struck me, also, that if the Chinese found that they could not have the ships without ratifying the agreements, they might, perhaps, be induced to reconsider their decision; and in order to throw away no chance of inducing them to accept the flotilla, and to put myself in as good a position as possible to deal with the pecuniary difficulties that would ensue from its rejection, I took advantage of the Prince's reluctance to face an unpleasant discussion, and declined the interview proposed by Wensiang unless the Prince were present.

Having sent me the inclosed despatch, they sought an interview with the Minister of the United States, Mr. Burlingame, upon whose friendly desire to arrange matters satisfactorily I could thoroughly rely. Before entering into the subject, he required them to state, distinctly, whether they had definitively resolved not to ratify the agreements entered into with Captain Osborn. They replied in the affirmative, adding that it was impossible for them, in

the face of opinion in China, to take the direction of the flotilla out of the hands of the local authorities, or to ratify conditions which, to use their own phrase, would deliver them over, bound hand and foot, to Mr. Lay.

Mr. Burlingame, in three protracted interviews, argued the question at great length, in order to ascertain whether any feasible scheme could be hit upon which would meet their objections and enable the flotilla to act; but finding that the points on which they differed with Captain Osborn were such as to render a compromise impracticable, Mr. Burlingame advised them to state their reasons fully for not ratifying the agreement, to thank Her Majesty's Government and Captain Osborn for what had been done in their behalf, and to request me to have the vessels returned to England under Captain Osborn, to be there sold, the proceeds, after discharging all liabilities, to be remitted to the Chinese Government. This advice was followed to the letter, as your Lordship will see by the inclosed despatch; and the Chinese, of their own accord, and without a suggestion from any one, added that they wished Captain Osborn to accept 10,000 taels (3,300*l.*) in consideration of the labour entailed upon him by this flotilla. To this letter I returned the reply of which copy is inclosed.

I think the arrangement proposed, in consequence of which the vessels are to leave China at once, is more advantageous to all parties than the one I originally suggested, for expense is thereby avoided, and the danger obviated of keeping a large number of men on the coast in a state of idleness, and subject to no sufficient authority, during the period that must have elapsed before instructions from England could have been received. Captain Osborn takes two vessels to India in the hopes of disposing of them there, and the rest will sail for England as soon as the necessary arrangements are made.

I cannot express too strongly my sense of the friendly and valuable assistance rendered by Mr. Burlingame in bringing about an arrangement which provided satisfactorily for all the interests concerned, and in such a manner as not to compromise those friendly relations which I am so anxious to maintain with this Government; and I think this incident illustrates the importance of adhering, in China, strictly to a just and fair line of policy. The belief that I, as British Minister, would respect the rights of the Chinese, and that I would not force the flotilla upon them from selfish political considerations, induced my colleagues to abstain from interfering while the question was under discussion, and

thereby secured for the flotilla a deliberate and unfettered consideration on the part of the Chinese Government; and I am certain that this course was more favourable to the success of the scheme, had success been possible, than any other that could have been adopted. It appeared to me also, that I should not have been justified in taking a more active part, for I had reason to believe that your Lordship had no cognizance of the undertaking of so novel a character entered into by Mr. Lay with Captain Osborn; and the absence of instructions was to me a significant proof that Her Majesty's Government had no intention of being a party to, or responsible for, the arrangements under which the operations of the flotilla were to be conducted. Had the Chinese voluntarily accepted the squadron, the onus of the difficulties it would have encountered would have rested on the Chinese Government; but the burden would have been thrown on Her Majesty's Government by the Chinese, and with justice, had it appeared that this flotilla, exclusively British in its character, directed by British officers and agents, and imposed by British pressure, was acting under a Chinese flag, which the Chinese Government, contrary to its wishes, had been compelled to hoist on board the ships.

Moreover, the Chinese Government has latterly shown its inability or indisposition to carry out the various suggestions I made for strengthening the central power, of which the flotilla is only one, and it was evident that there was no disposition on the part of the Chinese to incorporate it into their system, so as to subserve the general purposes of police and revenue; but that, if forced to accept it, they would have directed it against Nanking, and would then have left it to be disorganized by the ill-will and intrigues of the provincial authorities. Putting aside the consideration that Her Majesty's Government would not have assisted in the formation of the force had this been the only object contemplated, I must observe that such a course would have been full of danger to our trade.

In fact, this flotilla ought to have been designed to carry out the revenue laws, and to assist in suppressing piracy. Less formidable and expensive vessels would have been sufficient for these purposes, and they would have been at the same time, though in a subordinate degree, of much use in assisting military operations. Whereas, a purely war squadron was provided, with officers who looked to *actions d'éclat*, and not to the disagreeable and prosaic task of stopping smugglers and robber-junks. And further, if it was considered necessary that the flotilla should be taken out of

Coast Trade, and ought to be modified. The Company's agents at the various ports have exhausted both patience and ingenuity in trying to obtain more liberal arrangements at the hands of the local officers, but without success, and I feel justified therefore in laying the case before higher authorities.

3°.—The system of reporting, entering, and clearing ships prescribed by the Treaty, is no doubt fair enough in the case of sailing vessels, whose time for remaining in port is always sufficient for complying easily with the forms prescribed, but it is unreasonable to inflict the same circumlocution on steamers visiting the same ports daily, when the loss of an hour in one Port, to them is often the loss of a tide or daylight at the next, and this must continually happen if these formalities are enforced. Yet compliance with these rules is exacted by the Consuls and Custom House, and constant vexations and loss is the result to those interested in steamers.

4°.—The two steamers which the Company run between Hongkong and Foo-Chow, go through the form of lodging their papers with different Consuls altogether *twenty-four times every month*. On each occasion the Consul reports to the Custom House, and the steamers can do no work until after this is done, when the Customs grant a permit to discharge. The clearing involves an inversion of the process, the Custom House being applied to twenty-four times a month for clearances, and the Papers returned by the Consul on production thereof.

5°.—As by Treaty, the ship is answerable for the duties both inward and outward, while merchants are allowed to ship off without paying duties *first*, and land in the same way (there is no system of bonding) it is manifest that there will frequently be a delay in settling with the Customs. This constantly happens and the steamers are as regularly detained, or if they are ever allowed to leave, it is as a matter of the utmost favour. In former times when there were no European officials in the Custom House there never was the least attempt at detention, for the Company's agent simply gave a guarantee that the duties would be forthcoming and the steamer left as soon as her cargo was on board.

6°.—The office hours at the Consulate and Custom House are from ten to four o'clock, and the working hours at the Ports from six to six. But it is unfair to oblige Coasting steamers especially carrying mails, to adhere rigidly to these hours. The distance from Foo-Chow to Swatow is less than three hundred miles, and the time which would be occupied on the passage staying at Amoy for six hours would be about 40 hours, but if the steamers arrive at Amoy

at four o'clock in the afternoon, having perhaps only an hour's work to do in the way of discharging or receiving cargo, it cannot be done until about noon the next day, because the Consulate and Custom House will not be open until 10 o'clock in the morning, thus losing 24 hours on a passage occupying necessarily only 40. The same with regard to Swatow, on a passage from Amoy to Hongkong, and *vice versa*. These delays are not exceptional, on the contrary are constantly occurring, and it is within the mark to say that on an average the steamers lose a full day on every passage between Hongkong and Foo-Chow, and *vice versa* in this way. Multiplied by the number of passages the Company's steamers make every year these delays represent a most serious pecuniary loss.

7°.—If the detention was absolutely necessary for the protection of revenue the Company would have no ground of complaint, but such cannot be the case. A more efficient or even a less restrictive system would equally insure the payment of duties, and afford those facilities which steamers carrying on a coasting trade enjoy in other parts of the world. It is trite to say that the Custom House should foster legitimate trade by giving it as much freedom as possible, but no one acquainted with the nature of the present steam traffic on this coast will venture to state that these steamers are not unfairly hampered by the Custom House to the injury of business in general. A tolerable proof of this may be traced in the fact that since the establishment of European Customs at Swatow and Amoy the opium taken by the steamers to these places has considerably fallen off, and now finds its way in large quantities by native vessels. This is doubtless owing in a certain measure to the venality of the mandarins encouraging native smuggling, but it is at all events a good argument for increasing the cheapness and convenience of steamers, to assist them in counteracting these illegitimate influences. The present cumbrous system however not only retards the development of steam traffic but offers a direct premium to the native smuggling so extensively carried on between Hongkong and the southern ports of China.

8°.—To remedy the defects of the present system and place the Coasting Steamers on a proper footing, I would suggest the following rules be substituted for those now in force:

Rule 1st.—That steamers regularly employed in the Coasting Trade shall at the time of taking out their special grand chop lodge their Registers at the Consulate for examination, and not be required to do so again, until the renewal of such chop.

Rule 2nd.—That at all intermediate Ports on the voyage, these steamers when requiring to do so, shall be allowed to discharge or receive cargo up to 10 o'clock at night in consideration of their paying for the services of *extra* tidewaiters.

Rule 3rd.—That in the event of steamers arriving after Custom House hours, or too late in the day for the consignees to obtain permits to land, or in case of any cargo not taken delivery of promptly. The Company's agents in order to facilitate the departure of the steamers shall have permission to land such cargo into a godown, to be worked in every respect as a Bonded warehouse.

Rule 4th.—That the formal clearances shall be given up by the Custom House after the departure of the steamers, in cases where the steamers have to leave the Port out of the regular Custom House hours, the Company guaranteeing in any form required, the full duties.

9°.—The working of these or somewhat similar rules would embrace the various objects of all concerned, viz: Consular Jurisdiction, Payment of Duties and acceleration of traffic.

10°.—In discussing the necessity for a change from the present system, I have been told that any change would be an infringement of the Treaty. This appears to me a very narrow interpretation, and one never borne out by practice in analogous cases, least of all in China, viz: that regulations provided for in case of need are to be carried out, even if they are known to be injurious. Another objection I have been met with is, though there may be no sufficient reason otherwise for refusing certain concessions to this Company, it would lead the Custom House into difficulties with the owners of other vessels.

But as far as the changes here discussed are concerned, there is no reason why they should not apply to all steamers regularly engaged in the Coasting Trade, provided the Consular and Customs Authorities are satisfied with the respectability of the owners and the pecuniary guarantees which they can give.

(signed) TH. SUTHERLAND,
Superintendent, P. & O. Steam N. Co.

SHANGHAE, 26th October 1863.

INSPECTORATE GENERAL,

No. 6

SHANGHAE, 23rd March 1864.

Amoy Series.

SIR,

In October last, Mr. Sutherland, the P. & O. Co.'s Superintendent on this station, represented to H.E. The British Minister, and to the former Inspector General, that the delays to which the company's steamers were subjected, between Hongkong and Foo-Chow, by the enforcement of Consular and Customs' Regulations, entailed considerable pecuniary loss, and requested that some special arrangement might be made to meet the requirements of the case.

No. 1
Enclosure.

Mr. Sutherland had, in the first instance, laid his Memorandum before myself, and I then gave it as my opinion that his suggestions merited favourable consideration.

I have since received a note from Mr. St. John of the British Legation, Peking, in reference to this matter, in which the following sentence occurs:

"as you appear to favour the proposed changes, I am directed by Sir Frederick to state to you his concurrence in any proposal tending to facilitate and accelerate traffic."

From the enclosed copy of Mr. Sutherland's memorandum you will see that he proposes—
No. 2
Enclosure.

- 1°. To make it unnecessary for the steamers to be reported through the Consul to the Customs, except on the occasion of the payment of Tonnage Dues;
- 2°. To allow them to discharge and ship cargo until ten o'clock at night;
- 3°. To allow the cargo of steamers, arriving after office hours, to be landed without delay, and be placed in a Bonded warehouse;
- 4°. To allow steamers to leave without waiting for the Customs clearance.

On these propositions, I have to remark generally that I see no objection to their being acceded to. In order, however, to systematize the treatment of steamers trading regularly between Foo-Chow

and Hongkong, and calling on the trip each way at your port, I think that some such set of rules as the following, to be modified by you to meet local circumstances, might be with advantage adopted:—

- 1°. That a list be kept in your office of steamers trading regularly to and from your port;
- 2°. That on the arrival of any such steamer, provided that arrival takes place after sunrise and before dark, the Tidesurveyor go on board and receive the vessel's import *manifest*, and give, in return, a general permit, authorizing the discharge of the goods manifested: the vessel's name to be thereon placed on the board just as though reported by the Consul;
- 3°. That it shall be at the option of the agent of the steamer either to take the goods so discharged to the Customs' jetty for examination, and pay duty on the same at once, or to place them in his own godown, supplying the Customs with a written guarantee, to the effect that he will not allow them to be tampered with, or to leave the godown until the production of a special permit for their delivery stamped by the Customs, and that the duties will be paid thereon within three days;
- 4°. That the discharge of such cargo, as a rule, may be continued until ten o'clock at night, or in exceptional cases, until midnight, *provided the cargo to be discharged can be got out by that time*;
- 5°. That the shipment of cargo *which has been examined by the Customs*, and on which duty either has been paid, or the agent enters into a guarantee shall be paid within three days, may likewise be carried on until ten o'clock or midnight (as in Rule 4°);
- 6°. That cargo for any steamer expected to arrive may be examined before the arrival of the steamer, and that duty may be collected on it, and shipment permits granted, in order that it may be in readiness to be shipped the moment the vessel appears: the cargo certificate to be forwarded by the next steamer;
- 7°. That there shall be tidewaiters on board to superintend the discharge and shipment of cargo;
- 8°. That on the completion of the shipment of cargo, the export manifest shall be handed to the tidewaiter with the hour noted thereon, upon which the tidewaiter shall give a clearance note (for which a special

form can be drawn up) to the master of the steamer: so far as the Customs are concerned, the vessel will then be at liberty to depart;

- 9°. That for steamers working in this way after sunset, a fee of Five Dollars shall be collected; for working after ten o'clock, an additional fee of Five Dollars;
- 10°. That on the fourth day after the steamer's departure the amounts shall be closed, and a Grand Chop issued, and handed to the agent;
- 11°. That any irregularity shall lead to the withdrawal of the privileges thus conceded.

Local circumstances, may of course render it necessary to make some modifications in the eleven rules above sketched out.

Mr. Sutherland will visit your port in order to make the proper arrangements in person. Perhaps he himself, by lodging with you a general guarantee signed before the Consul, for the object noted in Rule 3°, might do away with any necessity for calling upon the agents for Bonds, on each occasion of a steamer's arrival.

Whatever rules you draw up, may at once be acted upon, and ought to be communicated to the Consul as an act of courtesy; but they must be reported to me without delay, and must be regarded as being merely *provisional* until sanctioned by myself.

You will extend the same privileges to such steamers of Mr. Douglas Laprack's as trade regularly to your port.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. HUGHES, Esquire,
Commissioner of Customs,
AMOY.

Despatch from Mr. Anson Burlingame, U.S. Minister at Peking,
to U.S. Consul General at Shanghai, on Political Relations
of Foreigners with Chinese.*

LEGATION OF THE UNITED STATES,
PEKING, June 15th, 1864.

SIR,

From many letters received by me from the ports, it appears that a misunderstanding prevails as to the extent of the rights and duties of American citizens under the treaty, and the regulations made in pursuance thereof. I have felt, therefore, that it might facilitate the administration of our affairs, if I express my opinions in relation to those questions about which there has been controversy. I accordingly address you, and through you the other consuls and my countrymen, giving my construction of the treaty and regulations, upon several disputed points, as well as a few directions in relation to ships, passports, etc.; and some general suggestions in reference to the co-operative policy agreed upon by the representatives of the treaty powers at Peking.

I hold that the Chinese government has the right, as an incident of its unyielded sovereignty, to enforce its own revenue laws, and to make such regulations as may be necessary to that end. [See Rules 6 and 10 of the Supplementary Treaty and my despatches to the Department of State, approved by Government, Nos. 30 and 32.]

That the foreign minister, when notified of regulations, if he find them to be in accordance with the treaty, is, after having in his diplomatic character done what he could to perfect them, under obligation to notify them to his countrymen, upon whom they then become binding. [See letter of E. Hammond for British government in reply to the Shanghai Chamber of Commerce, and despatches of British and American ministers in relation to the Yangtsze regulations, approved by their governments.]

That no authority inferior to that which made and approved the regulations can absolve persons from their observance.

That the Chinese government having by treaty yielded jurisdiction over the persons of our citizens so that it cannot punish them even by fine, it is obligatory upon us to punish them for infractions of the Treaty and regulations. [See despatch of Mr.

* "U.S. Foreign Relations, 1864," vol. iii, p. 426 *et seq.*

Marshall to Mr. Marcy, Nov. 25th, 1853, and the same to Mr. Cunningham, vice-consul at Shanghai, Nov. 1st, 1853; Mr. Cushing to Mr. Marcy, Sept. 9th, 1855; Fitzroy Kelly and James Stephen, Temple, May 22nd, 1862.]

The manner of doing this is pointed out in Sec. 7 of the act of Congress approved June 22nd, 1860. It is to be done through the consuls, the minister only having original jurisdiction in cases of felony, murder and rebellion, and where a consul is interested. [See Secs. 13, 24 and 27 of the Act.]

The Chinese government cannot withdraw a consul's *exequatur*, for it has yielded this right under the law of nations, in the grant of entire jurisdiction over our citizens. Besides, the consuls in China have a peculiar *status*; they are judicial officers, and exercise many powers under the treaty unknown to similar functionaries in the West. [See my despatch, (72) and discussion with the Chinese government, also letters of Mr. Cushing to Sec. Marcy, Nov. 7th, 1854, and Oct. 8th, 1855.]

That, though the Chinese government may not sue in the consular court as a party to the record, still it may go there to make a complaint and to give information, which the consul is bound to entertain. This is political action. [See Cushing, *idem*; G. Wingrove Cooke and James Hennen, Temple, Jan. 13th, 1862, Ms.]

If the consul shall fail to do his duty in respect to punishment then the question becomes one for reference to the "superior officers of the government, who shall see that full inquiry and strict justice shall be had in the premises." [Art. x of the treaty.]

The Chinese government cannot be compelled to plead in the consular court at the suit of any one;—hence, controversies between the consulates and the customs, if they cannot be arranged, become diplomatic questions to be referred to Peking. [See Cushing, *idem*; Sir Frederick Bruce in *re Bowman vs. Fitzroy*, Blue-book No. 3, approved by British government; also my despatch to Mr. Mangum, consul at Ningpo, Dec. 9th, 1862, in case of barque "Agnes," approved by U.S. government.]

A citizen of the United States in the Chinese customs' service, cannot, in that character, be held to answer in the consular court of his country for acts done in the line of his official duty under the orders of the Chinese government. In such case the remedy is against that government. [Opinion of Sir William Atherton et al. Temple, March 6th, 1862.]

The Chinese government may confiscate goods landed in breach of port regulations, but only those in respect to which the infringement of the regulation was committed—that is to say, those landed and not those still on board. [*Sir F. Bruce in case of the "Blackburn."* Bluebook No. 3—*Also my despatches in case of the "Agnes," and that of Prince Kung admitting this doctrine.*]

In cases of fine, where the words “not exceeding” are attached to the penalty, the consul may fix a smaller sum; but where the sum is fixed there is no option, and the consul upon proof must inflict the fine, and all efforts to mitigate such fine must proceed upon equitable grounds, and not as matter of legal right. [*Sir F. Bruce in case of the "Blackburn."*]

Only three ports are now by treaty open to trade on the River Yangtze, viz., Chinkiang, Kiukiang and Hankow; and trade at any other ports subjects ship and cargo to confiscation. There can be no trade, directly or indirectly, by tacit consent of local authorities,—by towing and permitting the Chinese to cut the line where they please, or in any manner whatsoever. [*See Art. xiv of U.S. treaty, and Arts. xxx and Arts. x, xi of British treaty in connection therewith; also Provisional arrangements for the navigation of the R. Yangtsze, Dec. 5th, 1861; and those adopted Nov. 10th, 1862, and approved by British and American governments.*]

If the Chinese authorities confiscate without sufficient proof of breach of regulations, then the aggrieved party may, through the consul, appeal against such action to the minister at Peking, whose duty it will be to reclaim against the Chinese government; but in no case is the citizen, or the consul for him, to take the law into his own hands. This would relieve the Chinese government from that responsibility which should attach to it, and render all friendly relations impossible. [*Sir F. Bruce in case of the "Pearl"; also his correspondence with consul Gingell at Hankow approved by the British government; and instructions to Admiral Kuper, Bluebook No. 3.*]

To secure an honest application of the confiscation power, I have, in conjunction with my colleagues, urged the establishment of a joint tribunal, or mixed commission, to sit in cases of confiscation. The Chinese authorities have yielded this in principle, leaving the details to be arranged by the consuls and local authorities—first at Shanghai provisionally, and afterwards at the other treaty ports if found to work well. This will satisfy both sides, and facilitate settlements at the ports; or, if the cases shall come to Peking, by classification and arrangement of the evidence, make decisions practicable. [*See despatch of Prince Kung to me, June 13th, 1864.*]

The greatest care should be taken before extending the protection of the American flag to purchased vessels. The proof of citizenship and the bona fide character of the purchase should be required. The flag should not be lent or sold to dishonor, or "be abused by the subjects of other nations as a cover for the violation of the laws of the empire." [See *Consular Manual*, page 273, and *regulations of the Treasury Department* there referred to. Also U.S. treaty, Art. xiv.]

A wise discretion should be exercised by the consuls in granting passports to travel into the interior. The right to grant these is derived from Art. ix of the British treaty through the favored nation clause (Art. xxx). And though I do not hold that we are bound to take the construction of a treaty from the power through which we derive a privilege, still a desire for uniformity would suggest that such construction should receive our respectful consideration. [See my despatch No. 26 approved by the government.]

I therefore call your attention to Sir Frederick Bruce's circular of Nov. 21st, 1860, to the British consuls, approved by his Government, and commend its several suggestions to you for your guidance. "When an application is made by a person, claiming to be a native citizen of the United States, for a passport, before it be granted, he should make a written declaration to that effect, stating also his age and place of birth, which paper should be filed. The consul may however require such other evidence as he may deem necessary to establish the fact of the applicant's citizenship. If the applicant claims to be a naturalised citizen, he should be required to produce either the original or a certified copy of his certificate of naturalisation, or such other evidence as shall be fully satisfactory to the consul." [Extract from *Instructions to the Diplomatic Agents of the United States*, page 17; and my letter to Acting Consul Pomeroy at Tientsin.]

I have already written you in relation to the so-called concessions. There are no such things as concessions in the sense generally understood by that term. It is the right of our citizens to buy, sell, and live in any part of the treaty ports; and any claim by a treaty power of a concession of territory from the Chinese government, by virtue of which it can exercise jurisdiction over the persons or property of our citizens, would, if admitted, be an abridgment of our rights. [See despatch of Mr. Marshall to Mr. Marcy, July 26th, 1853, with history of efforts of Consuls Griswold and Cunningham against concession claims, and disavowal by the British government of concession views through Consul Alcock. Letter of Sir Frederick Bruce to Consul Medhurst approved by British government; and my despatch (42) approved by U.S. government in Mr. Seward's despatch (40), and that in relation to municipal affairs at Shanghai (37), approved by government.]

We have no right for municipal or other purposes, to take jurisdiction of Chinese, or of the subjects of non-treaty powers, even though requested to do so by the Chinese authorities. We should seek to strengthen the Chinese administration in the direction of order, to see to it that they should not shirk their treaty obligations. [See my letter to Consul-general Seward, and Sir F. Bruce to Consul Sir Harry Parkes at Shanghai.]

With reference to the entrance of American citizens into the Chinese service, I can only say that there can be no objection to their entrance into the civil service; but there are strong objections to their active participation in the strife in which this people is unhappily engaged. The penalty for entering the rebel service is well known; and there is a decree of my predecessor Mr. McLane, of December 5th, 1854, still unrepealed, against taking military or naval service under the government against the insurgents. In the peril of our interests at Shanghai from the rebels, this decree was not enforced; but subsequent events, leading to the death of General Ward and the Burgevine imbroglio, convinced me that the taking of such service not only endangered our relations with China, but might lead to complications with other treaty powers. I accordingly, in my despatch No. 44 expressed myself in this sense, and my views were "specially commended" by the Government.

I therefore reiterate them to the end that such service may be discouraged. The British government has already withdrawn its permission to its officers to take military service; and every effort has been, and is being made, by the British minister at Peking, to induce the Chinese to strengthen themselves so as to relieve the British government, not only from the expense of keeping troops in China, but from the common danger of a Chinese force headed by adventurers. Major Gordon, who has done so well, earnestly wishes to be relieved, but is retained by a common sense of danger until he can weed the force of its dangerous elements, and hand it over safely to the entire control of the comparatively well-drilled and patriotic Chinese officers.

Mr. Berthemy, the enlightened representative of France, is equally desirous with the British minister of removing all cause of expense and anxiety to his country, and looks forward with hope to the day when the Chinese will triumph over their difficulties, and be able to maintain order without external aid. I am happy also to inform you that Mr. Vlangaly, the able minister of Russia, is deeply impressed with the importance of repressing that adventurous element, which, if fostered, can only lead to disaster in China.

At an early period of my mission, I was instructed by the Government to co-operate with the other treaty powers in China. In my despatch No. 42, you will find a history of my efforts in that direction, and of the policy agreed upon; that policy has been fully approved by our government, and I believe by that of every other treaty power. It is briefly this: To consult and co-operate in China upon all material questions; to defend the treaty ports so far as shall be necessary to maintain our treaty rights; to support the foreign customs' service in a pure administration and upon a cosmopolitan basis; to encourage the Chinese government in its efforts to maintain order; to neither ask for nor take concessions of territory in the treaty ports, nor in any manner to interfere with the jurisdiction of the Chinese government over its own people, nor ever menace the territorial integrity of the Chinese empire.

I call your attention to this policy in order that you may know the commitments of our own government and ourselves with the other treaty powers. You will perceive that we are making an effort to substitute fair diplomatic action in China for force; that we seek to do justice that we may have justice, and thus co-operation becomes the rule in carrying out these relations. It should be sincere; and to be effective requires, in the first place, a predisposition to get on well with one's colleagues; and, in the second, that just moderation which cannot fail to win the respect and confidence of one's associates.

While such are our obligations with respect to the foreign representatives in China, they are equally strong towards the Chinese officials, whether native or foreign, for it is through these that we maintain our relations with China, and any want of courtesy or consideration for them at once reacts upon ourselves, and destroys our power for usefulness. [See my despatch approving the conduct of Consul Clark at Fuhchau.]

Hoping for your continued support, together with that of the other consuls and my countrymen generally, of the views I have expressed, and the generous policy I have stated.

I am, etc.,

ANSON BURLINGAME.

P.S.—I have submitted the above letter to the British, French, and Russian ministers, and they authorise me to inform you that they entirely approve of its views and policy.

Origin of Joint Investigation Court.

INSPECTOR GENERAL'S OFFICE,

PEKING, 23rd July 1864.

No. 23

Shanghae Series.

SIR,

As you are already aware, the question of the establishment of a Joint Tribunal, for adjudicating in Confiscation cases, has been under the consideration of the Tsung Le Yamun for some time back.

It was at first proposed that the tribunal should consist of the Commissioner of Customs, and a Treaty Power Consul, and that it should not merely jointly enquire into, but jointly decide on all disputed cases. To the creation of such a tribunal, various objections presented themselves.

It was then suggested that it should confine itself to joint investigation, and that the judgment to be delivered in each case should continue to be the prerogative of the Chinese Authority. The proposed working of the tribunal under its altered aspect seemed unobjectionable, until the nature and composition of the tribunal itself came to be closely scrutinised. Exception taken to its form led to a closer examination of the reasons for establishing such a tribunal at all.

The ends in view, to be attained by such a tribunal may be described as being of a threefold nature:—

- 1st. To do away with the objections that have hitherto been made to the action of the Customs, in enforcing confiscations without—as it has been alleged—giving the merchant an opportunity of bringing forward extenuating circumstances;
- 2nd. To make it possible, for the future, for any merchant, who felt aggrieved, to obtain a full and public investigation of the charge brought against him, and a full and public hearing of whatever he could adduce in his favour; and
- 3rd. To enable such a record, in the shape of minutes of the investigation held and evidence taken, to be preserved, as would make it possible for the Chinese and foreign Ministers to come to a proper understanding of the merits of, and conjoint decision on, each case that might form the subject of an appeal.

Such being the ends in view, it became evident that, with whatever justice the charges of secrecy and arbitrariness may have been made against Customs' proceedings in the past, to grant a public investigation whenever asked for would do away with and neutralise such insinuations in the future; further, it became equally clear that a public investigation could be made, of such a kind as to give every publicity, and afford ample opportunity for adducing all extenuating facts and for bringing together the entire evidence, without creating a joint tribunal in which the members should have co-ordinate powers, and that, with the means already at the disposal of the Chinese, the enquiry might be so conducted as to ensure the drawing up of a written and complete record of all the facts of the case.

In the arguments adduced by the Foreign Ministers for the creation of a joint tribunal, the greatest stress was laid upon the desirability of, and necessity for, full and public investigation; in their consideration of the proposal for a joint tribunal, on the other hand, the Chinese Ministers had to consider not merely what would be the most effectual way of meeting the wishes of foreign powers for publicity, but what would be both adequate and politic too, at one and the same time.

The right to make seizure in cases of infraction of Revenue Laws is possessed by the Chinese to its fullest extent, and is not qualified or given up by any treaty stipulation; their right, too, to enquire into and adjudicate on breaches of their own revenue laws, is likewise indefeasible. Objection or opposition to the exercise of such rights by the Chinese, can only take the form of political action, and must then be made finally through the Ministers, and, if attempted judicially, is unwarrantable on the part of a Consul.

After a full and fair consideration of the rights involved, and the points at issue, the Yamun has determined not to create a joint tribunal, but it has at the same time yielded to the Ministerial desire for public investigation; it has, too, decided that that investigation shall be conducted in such a way, as shall enable the merchant not merely to make himself acquainted with all the facts against him, as known to the Customs, but also to adduce whatever circumstances he is able to put forward in extenuation, and, that the merchant will actually be able to do so, is guaranteed by the fact that the Yamun, although objecting to the creation of a joint tribunal, has directed that the Consul concerned—if not engaged in trade—shall on each occasion be invited to take, as it were, a seat on the bench at the Superintendent's court of enquiry, and shall be asked to put queries,

or cross questions, in such a way as shall educe all the facts and elicit all the evidence in its different shades and bearings; the Consul, too, will be invited to sign the minutes of the case, in attestation of their correctness.

I enclose, for your information, copy of a despatch addressed to the Treaty Power Ministers,—also copy of four rules that have been communicated to His Excellency, the Imperial Commissioner, Le Foo-tae.

You will observe that the Treaty Power Ministers are informed, in very general language, that the carrying into effect of their wish for public investigation will be, in the first instance, tried at Shanghae; that, for the guidance of the Chinese Authorities at Shanghae, a few general rules will be drawn up by the Yamun; and that the arrangement now to be made, if found to work well, and without detriment to Chinese rights, will eventually be extended to all the treaty ports.

The four rules are very simple and very intelligible. Any merchant who feels aggrieved at the action of the Customs may, through his Consul, ask for a public enquiry; the Superintendent will fix an hour for the investigation, which is to take place in a room at the Custom House, open to the public, and he will invite the Consul, if not a merchant, to be present at the enquiry and to put such questions, with the object of eliciting all the facts, as may seem called for; the evidence is to be taken down in writing, and is to be signed by both Superintendent and Consul, or, in the absence of the Consul, by the Commissioner; if the Consul objects to the Superintendent's *finding*, he will state his objections there and then, and, if the Superintendent adhere to his own view of the case, the Consul should notify him in writing of his dissent from the finding, on which both parties will send copies of the minutes to Peking, when the high officials of the countries concerned will reconsider the evidence and conjointly decide the case; when appeal to Peking is made, the property seized may be released upon the deposit with the Customs, by the party concerned, of a Bond signed before, and sealed by, the Consul; no claim for damages is to be attended to in the case of any one who refuses to obtain the release of his goods by entering into a bond, in the event of the appeal being decided in his favour; lawyers are not to practise in the Customs court.

The four rules are to form the basis for the establishment of the court; any further regulations required, relative to the minute details and actual working of the court, must be, from time to time, added by you, at Shanghae, as the necessity for them arises. The

fewer and the simpler the rules, however, the better. After a six months trial, the working of the court, and the additional rules, etcetera, are to be reported on to Le Foo-tae, for the information of the Tsung Le Yamun.

In conclusion, I have merely to remark that the court is a purely Chinese court; the Consul is to be invited to attend to ensure the bringing out of all the facts in the accused's favour, and to attest, by his signature, the correctness of the minutes; the Commissioner will be present as the Superintendent's assistant. In short, the Superintendent, when called on to do so, is to hold a court for the public examination of specified cases; the Commissioner is to see that all the facts for the prosecution are brought out; and the Consul's presence is to ensure for the merchant an opportunity to adduce every extenuating circumstance.

You will, from time to time, report to me on the proceedings taken in this matter.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

To

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAE.

Hart's Memorandum of November 1864 on the Foreign Customs Establishments in China.*

SECTION 1.—*Concerning the mode in which the business of the Revenue Department is conducted by Chinese Officials in the absence of Foreign Inspection.*

It will not be out of place to devote the first section of this Memorandum to a cursory review of the manner in which native officials have been wont to transact Customs business at the Chinese ports. Thereby will be rendered more apparent the difficulties the introduction of the Inspectorate had to encounter, the changes it has effected, and the beneficial results that may yet be expected from it.

Native vessels are licensed to trade along the seaboard between certain specified ports, and, generally speaking, the Tariffs are so drawn up as to make commodities pay, before consumption, duties amounting in all to about 10 per cent. *ad valorem*; the duty levied at the port of shipment ranges from 2 to 3, that at the port of discharge from 7 to 8 per cent. The native Tariffs, although minute and precise, are, however, nowhere effectively enforced.

The Customs' offices at the ports have to account annually to the provincial authorities and the Board of Revenue; they are responsible for specific amounts to be collected, but, while the revenue is in so far farmed, the farming is not open to public competition, but accompanies some other official position. When those in charge fail to collect the required sums, they are recorded as defaulters, and are called upon to make good the deficiency; on the other hand, to pay in the amount in full, absolves from all necessity to account for whatever sum may have been collected over and above that for which the office is responsible.

The amounts to be forthcoming are small, and usually below the actual yield of the ports. As a whole, however, they form no unimportant item in the calculations affecting the provision made for the annual expenditure of the provinces; and yet the central Government, whether from the absence of pressure for funds that, for the most part, it has enjoyed, or, and most probably, from ignorance of the real value of maritime revenues, has commonly allowed the doings of the offices, even when reported as defaulters, to pass without inquiry, and has seldom attempted to make any of them more productive.

* B.P.P.: China, No. 1, 1865. This memorandum was written on the suggestion of the British Minister, Sir Frederick Bruce.

The responsible heads of such offices are invariably Government officials, most of whom have other and more important functions to attend to in the locality; the relative insignificance of the sum payable to the Board frees them from anxiety, and the only care they ever feel is in proportion to the interest they take in the profits that may accrue to their own purses, through the agency of the private servants or subordinates to whom they entrust the management of the offices.

The paltriness of the amount to be answered for, the absence of the supervision of superiors, and the generally subordinate nature of the work to be performed, have all tended to produce such utter laxity and irregularity that the Tariff rates have become dead letters, except in that they represent the maximum collectable on any one article; the additional exemption from all question as to extra and unreported collection has encouraged, if not originated, a species of dishonesty, in which each subordinate lies to his superior, who, again, winks at such knavery, involved, as he is himself, in turn, in precisely similar transactions.

Official laxity has fostered official dishonesty, and hand in hand with it stalks individual rapacity. The aim of the executive has been to get as much from the merchant, and to report as little to the head of the Department, as possible, and, conversely, the interest of the merchant has naturally been to pay the least possible amount, by making as good a bargain for himself as the official's commingled avarice and fear would allow of. Operations pass through so many hands, and the standing of the parties dealt with differs so continually, that the necessary result is to keep the higher offices in utter ignorance of the real value of this branch of national revenue; on the official side, as regards totals, each one looks to the dexterity of his manipulations for support in his unsalaried, or, more properly speaking, to-be-by-him-paid-for, position, and, on the other hand, in respect of individual transactions, each trader in his own defence, has constantly to beat down or evade the official demands, and, if not able to gain better terms than, at least secure equality with, his neighbour.

What precedes applies to the ports of China, whether frequented by foreigners or not. For greater clearness, and as being more strikingly illustrative of official practice, reference may be made to the routine of the Canton Customs a few years ago, where the office is presided over by a high official specially appointed by the Emperor, and known by foreigners as the Hoppo.

For the collection of duties on foreign trade, the Canton Executive was a staff of middle-men, styled linguists, who bought their positions, and drew no official pay for their services. Merchants who had cargo to pass at the Customs made their bargains with the linguists, whose association with foreigners occasionally necessitated the substitution of competition for combination, and they in turn made their arrangements with the Hoppo's non-official deputy, who, as confidential manager, repaired every day to one of the jetties to "examine cargo."

The deputy in turn made his report to the recording clerks in the yamun, taking care to deduct the per-cent-age to be put aside for the private purses of himself, his master, his master's friends, the people in the yamun, the Governor-General, through whom the Reports are forwarded to the Board, and the clerks and officials connected with the Board of Revenue itself. Thus cargo which, for instance, by tariff ought to have paid 1,000 taels as duty, the linguist agreed to pass for 800; the deputy—informed by the linguist that the merchant had only paid 750—arranged to free the goods for 700; and then, making deductions for the yamun amounting, say, to 200 taels, directed the recording clerks to enter in the books such an amount of the description of goods in question as ought to have paid 500 taels, the sum with which the Government was credited. To state the cost of collection under such a system at 100 per cent. would be rather below than above the mark.

While Government got thus but a moiety of the revenue leivable under the Tariff and that moiety but a portion of what had actually been received from merchants, and paid for the collection at a rate extravagantly high, the officials and retainers, through whose hands the money passed, increased in riches, and became adepts in craft, and reckless in dishonesty. Under such circumstances, the duties payable must have varied constantly. The degree of success obtained in driving a bargain with a linguist became a question of superior skill, and the amounts paid by merchants, or reported to Government, must have depended on a thousand circumstances that would have baffled the calculations of the most experienced.

At the other ports open to foreign trade, the procedure, though not identical, has been similar: the higher departments systematically kept in official ignorance, known dishonesty connived at, and the transactions of commerce at least inconvenienced by the uncertainty that attended a bargain system.

It would not be unreasonable to suppose that the tendency would be to find a level, and that unpleasant results would be thereby obviated; but that such a level was ever arrived at is more than

problematical. A levy of duties, arbitrarily and unexpectedly great or small, must have generally been an unequal one, and as injurious to trade in its interference with calculations, as in the demoralizing effect entailed by the dishonest practice on which it subsisted. The official character was lowered, the authority of Government weakened, and mercantile morality sullied.

The inauguration of a new system, under which honest and trustworthy agents should levy duties in strict accordance with a published tariff, and report to head-quarters the amounts really collected, could scarcely be expected to meet with favour from those accustomed to the previously existing order of things, whether they admired most its laxity, its possible profits, or its risks; and the very mention of such a change could not fail to suggest dismal forebodings in the minds of those who shared, directly or indirectly, in the advantages of malversation.

Enough has been said to give an inkling of the thoroughly rotten condition of the native Revenue Administration, and to suggest what room there was in it for reform in every direction,—what difficulties that reform would have to encounter. And without dwelling too much on its injurious effects on trade, it will suffice to remark that the easy manner in which business under it was transacted, leads to the inference that even those who felt the injury and reprobated the dishonesty would be numbered with the opponents of a system in which honesty and strictness would entail inconveniences, hitherto unknown but yet unavoidable concomitants.

SECTION 2.—*Concerning the Origin and Introduction of the Foreign Inspectorate.*

In 1854, while the Triads held Shanghae, the collection of duties by an ejected executive was not only exceedingly difficult in itself, but gave umbrage to many, who held that the Chinese Government was no longer entitled to tax foreign trade at that port. The city, seemingly, was virtually lost to the Imperial Government; the authorities had been expelled from their yamuns, and, once removed from their official residences, with confusion and chaos on every side, their power had been all but paralyzed. The import and export trade of the place, in so far as the lading and discharging of ships were concerned, went on much as usual; but the collection of duties, if not altogether in abeyance, passed from the hands of the Chinese for a time. Spasmodic attempts were once or twice made by an office that was very insufficiently recognized. Ships constantly left the port, on whose cargoes not a farthing of duties

had been paid, in return for whose clearances the Consuls had obtained from the merchants bonds or promissory notes of questionable validity. Some said that the Consuls had not the right to exact such bonds, others that the bonds were but so much waste paper; and while doubts called forth discussions, and discussions failed to clear up doubts, there seemed to be every probability that the Government would lose a whole season's duties, and that, too, at a time when the pressure for funds made itself daily more sensibly felt. Eventually it was agreed that the office of Customs, under its proper chief, the Taoutae, should be re-opened; but it was at the same time decided to place it under the inspection of foreigners, who, as representing the three Treaty Powers—England, France, and the United States—were nominated by the Consular authorities.

In the initiation of such an Inspectorate, the first object attained was, that an end was thereby put to the confusion that had reigned for months. It relieved Consuls from the necessity of undertaking responsibilities in regard to the clearance of ships, and freed them, from that time forth, from claims which the event might have shown them unable to enforce; it besides, in making provision for an impartial collection of revenue, protected honest merchants from the detrimental effects of the otherwise uncontrolled and fraudulent acts of men of less character; and it secured for the Imperial Government the revenue of the port.

In its origin, and in respect of the objects it chiefly contemplated, the Inspectorate partook of the nature of a foreign, rather than of a native, establishment: it was, in short, a foreign governmental measure, and did not originate with the Chinese authorities. Its rules and practice were, at first, of the simplest kind; nevertheless, it at once clashed with the aims of those of the community who would have gladly availed themselves of the absence of such an institution, to take every advantage of the helplessness of the native officials and the disorders of the times. Soon, however, and in virtue of a vitality inherent in its mixed nature, the office gradually separated from its original founders, and with unpremeditated gravitation, became more and more a Chinese institution. It took a new point of departure, when, in its working, it began to make itself more prominent as an establishment for the collection of Chinese revenue; it had then to enforce regulations more strictly, and where at the outset it had been found to be merely an inconvenient obstacle, it by degrees made it felt that it could punish too. As an institution, it became less acceptable generally in proportion to its divergence from its inaugural phase, and the transition bred for it

opposition, rather than acknowledgment: it became fashionable to abuse the system, and to ostracise those connected with the office. Chinese officials, however, did not fail to note the honesty of the foreigner, and a daily increasing revenue made his services increasingly valuable; those whose clearness of perception was not dimmed by any deleterious effect on their pockets were not slow to countenance and support the system.

When, then, in 1858, in order to ensure uniformity of treatment for merchants at all the ports, it was proposed by the negotiators of the Treaties to extend the scheme that had been on trial at Shanghai to all the places opened to trade, the suggestion was received with favour, and an Article appended to the various Tariffs—of equal validity with the body of the Treaty—officialised the system, and made special provision for its continuance. The high Chinese authorities at once issued the requisite instructions, and during the years that have since gone by, office after office has been organized, until now the foreign Inspectorate is represented at each of the fourteen ports at which trade is carried on, and employs in various capacities some 400 foreigners and about 1,000 Chinese. Its introduction has not been unattended by various outbreaks of hostile feeling on the part of the old offices referred to in the first section; and in its working difficulties have been experienced, for the origin of which defects in itself have been as much to blame as the ill-will of the foreign communities. The Chinese mind is with difficulty turned from a groove in which it has been accustomed to run; but it is satisfactory to those who demand progress—which, in order to be sure, cannot well be other than slow—to remark that, once diverted from an old and accustomed to a new mode of thought or action, it would be as difficult to turn it back again. Chinese opposition died away with the establishment of each office, and those who at first opposed now regard the system as a matter of course. The opposition of the foreigner, cause though he may have had for it, was occasionally allowed by him to run riot to an impolitic extent.

SECTION 3.—*Concerning the Extension of the System, and the opening of Offices at the Treaty Ports.*

The collection of duties under the supervision of a foreign Inspectorate had been in operation at Shanghai four years, when the Treaties of Tien-tsin (1858) provided for the adoption of a uniform system at all the ports open to foreign trade. At Shanghai, the Inspectors were originally three in number, representing the

three Treaty Powers; when the extension of the Inspectorate was determined on, it became less of a foreign, and more of a Chinese institution, than had been in the years that preceded, and while it seemed expedient that it should be of a cosmopolitan character, it was no longer necessary that for each Treaty Power there should be a representative at every port. To each office there has, accordingly, been appointed but one Inspector, or, as he was in future to be styled, Commissioner of Customs; under the orders of the Commissioners are assistants, or clerks, and tidewaiters, of various nationalities. At the head is an Inspector-General; at first, he held his appointment from the Governor-General of the Two Keang, who was the Imperial Commissioner for Foreign Affairs, but he now is appointed direct by the Tsung-le Yamun, that is, the Chinese Foreign Office, with which he corresponds, and through which he forwards his reports to the Board of Revenue.

It was to Canton that the system was first extended. The chief of the Customs there, the Hoppo, had heard of the great increase that foreign supervision had caused in the amount of duties collected at Shanghae, and had of his own accord been, for some time previously, thinking over measures to be taken to secure for his own establishment effective help of the same kind. The term of office of the then Hoppo was soon to expire, and a notable increase in the collection of duties occurring just at the close of his incumbency, if not tending to swell his own private gains, would certainly, when reported to Government, enable him to hand over charge to his successor with considerable credit to himself. The preliminaries for the establishment of an office, a branch of the Inspectorate, and under the Inspector-General, were being arranged during the summer of 1859; notwithstanding the untoward interruption to friendly relations at Takoo, and the certain recurrence of prolonged hostilities, the arrangements were perfected, and, in October, the office commenced its operations. The chief difficulty encountered at the outset was met with in the opposition offered by, and the question as to what was to be done with, the linguists already referred to. They had either inherited or purchased their appointments, and had as it were a vested right in the continuation of the former state of affairs, under which, as go-between and smuggling competitors, they formed a by no means unimportant or uninfluential portion of the Hoppo's executive. The Hoppo, however, was firm, and a new condition of affairs was inaugurated; the change, too, was made with the hearty approbation of the Viceroy, Laou Tsung-Kwang, an honest and very practical man, gifted with great common sense, though wanting in originality.

The next step was taken in February 1860, when an office was inaugurated at Swatow, the port of Chaou-chow-foo opened to trade under the American Treaty. Swatow, although only then declared open, had for years been frequented by foreign vessels; there was, however, no one there to collect duties on that clandestine traffic, and the establishment of an office encountered no official opposition, the more especially as the Governor-General and Hoppo conjointly appointed a deputy to co-operate with the Commissioner. Its first proceedings were, however, accompanied by sundry other troubles and difficulties; the Chinese compradores and foreign shipmasters, who had previously enjoyed the greatest license at the place, found it distasteful to have to comply with rules and regulations, but their attempts at opposition, violent as were some of them, were of a spasmodic kind, and in time ceased.

No other offices were established in 1860. Early in 1861 the Yang-tze having been declared open to trade, in virtue of an arrangement made by the British Minister with the Chinese Government, a Commissioner was appointed to Chin-keang. The office encountered no difficulties. Its business was to examine ships' papers, and enforce certain regulations relative to contraband, and it did not collect any duties.

About the same time an office was established at Ningpo. There, owing to proximity to and constant intercourse with Shanghai, the officials to some extent understood the nature of the Inspectorate; they were not in a position to oppose its introduction, and, when the Commissioner appeared, he was received as a matter of course.

In May an office was opened at Tien-tsin. The Head of the Customs there, a high official, who is also Superintendent of Trade for the three northern ports, evinced great anxiety to have the assistance of foreigners without delay, and in every way aided the introduction of the Inspectorate. Difficulties, however, began to show themselves of a kind hitherto unencountered, which made trouble for the office and its supporters. Before it became a Treaty port, Tien-tsin had a large native trade, and, for the collection of duties, there had existed there three separate offices—the first collected duties on all merchandize arriving at or leaving the port; the second taxed certain imports which had already paid duties at the first; and the third, in its turn, collected a special duty on some articles which, having paid at the first, had been exempted at the second, as well as on one or two commodities which had paid at both first and second. Each office had to account to the Board for a fixed annual amount. To collect duties on goods arriving by

foreign vessels, a fourth office was established, and with it the Inspectorate was connected; the advent of foreign vessels, however, while it led to a sudden, but temporary, increase in the importation of foreign goods, which it is to be remarked had for years back arrived in Chinese junks in large quantities, had as its most perceptible effect that of taking the carrying trade from Chinese craft, and the result soon noticed was, that all foreign, and some native, cargo arrived in foreign bottoms. Further, ships in most instances cleared from Shanghae, and their cargoes, having already paid duties there, arrived at Tien-tsin accompanied by exemption certificates; thus, while the new office collected little or no duties, the old offices found that the goods on which they had formerly depended for their revenue, although continuing to arrive at Tien-tsin, could no longer be taxed by them. Mutual recrimination sprang up, the old offices declared that the proceedings of the one recently established made it impossible for them to collect the amounts for which they were annually responsible, and the supporters of the new office were dismayed to find that, while the diversion of the carrying trade from native to foreign bottoms deprived the old offices of duties, as well as ruined the native shipowners, the advent of goods accompanied by exemption certificates made it impossible for the new office not only to make good the deficiencies of the old ones, but to collect duties at all. The result feared—and, for a time, the apprehension to a great extent was realized—was that, whatever might be its problematical advantages, the opening of the port to foreign trade was calculated to have a very injurious effect on the finances of the originally impoverished Province of Pecheli. A feeling hostile to foreign trade was naturally evoked by the difficulties in which it placed the officials and the Provincial Administration, and there then ensued consultations, proposals, and experiments, which made the work of the Inspectorate more or less difficult occasionally. An export trade has, however, commenced to develop itself, occasional cargoes arrive from Hong Kong, and opium from Shanghae is no longer accompanied by exemption certificates; so that, while the result is now a slight increase upon former collections, which, too, will be more apparent when the indemnities shall have been paid in full, the official inconveniences that at first attended foreign trade are disappearing, and, with the exception of the ruined junk-owners, its opponents no longer abuse it.

In July an office was opened at Foo-chow. Some slight delay attended the arrangement of preliminaries, but the difficulty was easily removed. The high officials of the Province had, about a

year before, been in correspondence with the Canton authorities and had asked for the extension of the system; still, when the staff did at length appear it was not greeted very warmly by the old executive, who foresaw in it an invincible obstacle to the easy continuance of that "doctoring" of accounts which, with a growing foreign trade, had previously proved so remunerative to their private purses; nor was it altogether welcomed by many who, from habit or otherwise, had grown accustomed to compounding for duties and nocturnal "running" of cargoes.

In December offices of supervision, but not for the collection of duties, were established at Hankow and Kiu-kiang. At Hankow some little difficulty was at first experienced; it originated in the irritation felt by the Viceroy at the collection of duties at Shanghai instead of Hankow, and there were not wanting parties interested in trade who attempted to fan to flame, but they did that so clumsily—mistaking the nature of the Viceroy's opposition—as to excite his suspicions, and in the end turn the scale in favour of the establishment. The office once opened, the authorities were not slow to appreciate the aid received from their foreign associates in carrying out and in giving proper effect to rules and regulations which were, to say the least, novel, which conflicted much with standing ideas and the then order of things, and for which neither they nor their executives were prepared. In the following year both offices commenced to collect duties, and cordial co-operation at once followed the advent of funds.

In April 1862 an office was opened at Amoy without the slightest trouble. The Chinese officials connected with the Customs there are appointed from Foo-chow by the Tartar General; and the last-named functionary had in so far appreciated the working of the office, of which he is the head, at his own port as to issue to his subordinates at Amoy instructions of a kind that secured every assistance from them when the preliminaries for the establishment of the office of the Inspectorate were being arranged.

In March 1863 an office was opened at Chefoo. Countenanced as it was by the Superintendent of the three northern ports, its introduction was, moreover, facilitated by the fact that it could not in any way interfere with the perquisites or obligations of other offices, there having been none in existence at Chefoo before.

During the same year offices were established on Formosa—in May at Tamsuy, with a branch office at Keelung, and later in the year at Takow—although it was not until a short time ago that the office at the latter place actually commenced to collect duties. The

chief official is the Taoutae, and the exceptional position of Formosa has secured for him certain perquisites which a proper performance of his work, as Superintendent of Customs, would somewhat clash with; the present incumbent has caused many difficulties, but the places open to trade on the island may now be regarded as in a sufficiently promising condition.

In May 1864 an office was opened at New-chwang. The Tsung-le Yamun and the Superintendent of the three northern ports had repeatedly urged the Inspector-General to establish an office there, where the authorities were found to make mistakes continually in their treatment of Customs matters in the absence of foreign aid. As at Tien-tsin, the office at New-chwang has had some unpleasantness to surmount, owing to the existence of other offices liable for certain annual amounts.

The offices of the Inspectorate are now fourteen in number, and Keung-chow, or Haenan, is the only port at which it is not represented. Keung-chow is rarely, if ever, visited by foreign ships; if called for, an office can at any time be easily established there.

It may be added that the Inspectorate has an establishment at Pekin, where juniors, on first appointment, now reside to study Chinese in preparation for work at the ports.

The Inspectorate is now very generally treated as a branch of the Chinese public service, and officials regard it as naturally growing out of the new relations in which China finds herself through the Treaties entered into with foreign Powers.

SECTION 4.—*Explanatory of the Note.*

In the three preceding sections an account has been given of the Chinese procedure in collecting duties when unaided by foreigners, the origin of the Inspectorate, and the consequent establishment of its offices at the Treaty ports.

From the three sections which follow, it will be seen that in its working the Inspectorate has had difficulties to overcome; necessary concomitants of radical changes, which in part originated with the merchants, and in part resulted from its own inherent peculiarities; and that, while it increases in efficiency, and works more smoothly, in addition to the aid it affords to the Chinese Government in the collection of an increasingly large revenue, it is by no means inoperative in furthering the views of merchants, or inattentive to the requirements of trade.

SECTION 5.—Concerning difficulties from without, experienced by the Inspectorate in its working; attributable, partly to the lax routine that preceded, partly to the changes it initiated, and partly to the unpreparedness of all, and the ill-feeling of some of the Foreign Merchants.

Prior to the introduction of the foreign Inspectorate, the transaction of business with the Customs was left by the merchant chiefly, if not entirely, to his Chinese linguist, shroff, or compradore; the foreigner had no permits to apply for, did not necessarily come into personal contact with Customs officials, and had in no way to trouble himself; in fact, for the foreign merchant, the Custom-house was practically a nonentity, and its rules, if it had any, concerned not him but his compradore. It was the compradore that the Customs knew; it was from him that duties were looked for. In other words, the compradores, from being the servants of, acquired an official status as securities for, their masters.

With the introduction of a foreign element, there naturally came a striking change. The inspector recognized the foreign merchant, and ignored the compradore: applications of various kinds, before unknown, had to be made, and the signatures of firms were called for; and instead of the free and easy way in which offences and mistakes were previously winked at, condoned, or rectified, and duties compounded for and paid when convenient, infractions of rules became punishable, inattention to regulations delayed the passing of goods, and receipts for tariff-duties had to be handed in, if not before shipment and discharge permits were issued, at least before ships could be cleared.

Such a change, subversive of the order of things that preceded, and demanding attention to and careful compliance with quite another mode of transacting business, naturally tended, until understood and rendered easy by experience of its working, to inconvenience and embarrass the foreign merchant; and, in so far, the hostile outcry that greeted the system in its earlier years was neither unintelligible nor to be wondered at. In some respects, however, merchants took action of a kind that embarrassed the working of the offices without in any way expediting the transaction of their own business. The very nature of the change precluded all hope of seeing the system work smoothly at the outset, but the opposition policy was on some occasions a short-sighted one, and then it was that a different course of action might have aided in the attainment of the object aimed at by both merchants and Customs, viz., the facilitation of business, and might, too, have brought about a mutual understanding.

For instance, unaccustomed to transact their own Customs business, having merely to say to their comrade, "pass those goods," or "clear that ship," the opening of offices which demanded attention to rules and regulations, which had their stated hours for the transaction of business, and which, managed by foreigners, made it necessary for the foreign merchants themselves to take a leading part in what work had to be done, found the merchants very generally in a state of ignorance and unpreparation. There seemed to be a feeling abroad that it would be undignified on their part to apply either personally, or by neatly made out documents, for the authorizations requisite to do this or that; and, accordingly, instead of sending properly qualified clerks to the offices who could answer questions and give or receive explanations when required, they for a time employed coolies or boatwomen who rarely knew what they had been sent to do, or who handed in, instead of formal applications decently drawn up, illegible scrawls on scraps of waste paper. Such informal applications had either to be ignored or returned as being unintelligible; the writer then made his appearance, sometimes to give the necessary explanation, but not unfrequently to talk violently, and clamorously protest against the delay to which he was being subjected; or, without further inquiry he made a Consular case of the matter, and attempted to effect in that way what could be done to make the Chinese Superintendent ignore or feel inconvenienced by his foreign colleague. Such annoyances were of constant occurrence, and produced misunderstandings and mutual ill-feeling. It is at the same time but fair to allow that the merchants themselves, already not a little embarrassed by the radical change in the mode of conducting Customs business, were, to an even still greater extent, fettered by their not having in their offices clerks that could be spared for a work which would take up much time daily, and that too more especially at such a conjuncture as that which followed the ratification of the Tien-tsin Treaties, when the merchants' offices, already not more than adequately supplied with clerks for the conduct of business under the old system, had to weaken, themselves by providing for establishments and agencies at the ports in Japan, and at the additional places opened to trade in China. The action of even those who wished to meet every requirement of the Customs was so clogged by the peculiar and exceptional circumstances of that first stage of the transition period, that they, approving too of the Inspectorate, found it on many an occasion the reverse of easy to get through their business with the Customs quickly and good humouredly. The opponents of the system were of course only too glad to assist in increasing a difficulty, while the comrade body did what they could in order to bring matters to

a dead-lock, in the hope of thereby necessitating a return to that old state of affairs in which they had been masters.

Again, before the establishment of the Inspectorate, the examination of goods for the assessment of duties had been a mere farce; when the offices opened, however, the foreign examiner naturally objected to continue the Chinese method, and refused to certify that goods were in all respects what they had been reported to be, until, by actual examination, he had assured himself that such was the fact. To such examination there were many objectors; occasionally opposition went further than mere threat, and took the form of actual violence; the Customs, under such circumstances, did not examine goods, neither did they pass them, and the result was, of course, delay to both merchant and ship, in its turn followed by the usual outcry at the office, or at the Consulate, or in the public papers. Such opposition to so essential a part of Customs work as the examination of goods was naturally a great impediment to the performance of a duty which, in the interests of both parties, required to be speedy, and, at the same time, complete. It is, however, to be conceded, that the Customs had not in all cases provided proper places for the examinations referred to, and that a consequent and not unnatural apprehension of damage, as likely to ensue to their property, may have actuated many owners; but, allowing all due weight to this, there was yet a want of flexibility of a very perplexing nature.

Coupled with, and perhaps in part arising from, the troubles caused by the introduction of a new system, was the ill-will displayed towards the Customs employés personally by many of the mercantile body; the merchants, with but few exceptions, at first treated the people connected with the Inspectorate as being, so to speak, their natural enemies. It was considered rather correct to show that they regarded the foreigner in Chinese employ as being the low rowdy a popular paper styled him, and to make him feel that his position deprived him of all title to social amenities. Such treatment begat in the minds of not a few of the Customs people a feeling of anything but kindness towards the merchant, and it is probable that the desire to oblige, with which many started, was replaced by a vigilance which had for its object to catch the merchant tripping. It was not in the power of the Inspectorate to control the mercantile temper; its work, already difficult enough, became disagreeable too, when its members—to the amazement of some, but to the amusement of the more sensible—found themselves shunned as if Pariahs, and subjected, more or less cleverly, to slights

and indignities, which many had not the self-possession to be able to ignore. The result was, of course, to retard business, and develop mutual ill-will.

There were besides—accompanied, however, by certain aggravating circumstances—the difficulties which all Custom-houses meet with, in the treatment and management of those who are disposed to defraud the revenue or defy the laws. When a fraud was exposed, or a seizure made, the offender, or, as the public too generally considered him, “the outraged party,” at once raised an outcry which the public papers took up, and which, under the peculiar circumstances attending confiscation cases, for the public investigation of which Treaties had made no provision, was easily so handled as to throw discredit on the Inspectorate, and increase the ill-feeling towards its employés. The smuggler, however, when he denounced the seizure and confiscation, and styled it arbitrary, unjust, and unprincipled, was, while wrong, seemingly right: wrong, in that, while he seemed to be made a martyr of, he was, in point of fact, and without a shadow of doubt, guilty, in his goods, of the breach of regulations which had led to the seizure; seemingly right, in that the non-publicity of the proceedings gave grounds for the supposition that the action of the Customs could not bear the light.

It may here be stated that there has not been any attempt at or desire for secrecy; nor has there been any fear of publicity. To the public, interested parties have taken advantage of the *modus operandi*, which, it must be remembered, was precisely that provided for by the Treaties, to make seizures and confiscations appear to be based upon the *ipse dixit* of a subordinate, and to be carried into effect, without further inquiry or examination, as if for the pecuniary benefit of the office concerned. It is, of course, to be admitted that, during the past five years, there has not usually been any public, and but rarely an even formally complete, examination; the heads of the offices have for the most part regretted that such should be the case, and have regarded the absence of a public and formal inquiry into breaches of revenue laws as constituting a very serious flaw in the system. It is true that aggrieved parties could request Consuls to act for them, but inquiry into alleged infractions of Customs regulations, which took the form of political action in despatches passing between Consuls and Taoutaes, seldom succeeded in eliciting every fact save after great delay and in a very roundabout manner, and failed in the end in being satisfactory to either the authorities or the public. Nay, such procedure, instead of putting the facts in a proper light, and making clear the rights of

the case, had rather the effect of initiating personal disputes often foreign to the matter in hand, and seldom ended without setting all concerned at loggerheads. Instead of shunning inquiry the Inspectorate would court it, and the Commissioners generally will feel relieved when the rules, at present under consideration, shall have been issued for the introduction of a system under which public examination in open court will there and then elicit the truth, and make a full record of every damning fact and of every extenuating circumstance. Open inquiry will ensure complete fairness, and the publicity thereby given to the occurrence will place beyond all cavil the action of the Customs when in the right, and will ward off the odium which rightly attaches to any action that cannot stand the scrutiny of the public gaze. The Customs, it is repeated, have everything to gain from publicity; support when right, and healthy prevention when about to go wrong: why then fear it? Attempted frauds will continue to be detected, and breaches of regulations will call for the application of penalties; the publicity, however, which, though denied in the past, is about to be accorded for the future, will place the Inspectorate, in the respect treated of, on a footing with Customs establishments in other countries, and will ensure for the public equal participation in popular rights.

In connection with the preceding paragraph, reference may here be made to what is known as the "Confiscation Fund," that is, the moneys accruing from the enforcement of fines and the sale of confiscated goods. It has been publicly objected that the Customs employés are allowed to participate in this fund, and that therefore the Inspectorate has a selfish and pecuniary interest in preventing publicity in confiscation cases. Now, it is a fact that, while the office at Shanghae was the only one in existence, and while forethought pointed to no object for which to keep moneys accruing from confiscations, the fund was periodically divided among the employés, the Inspectors being then the only ones excluded from participation in it. When, however, the system came to be extended to the other ports, that practice was done away with, and with the year 1860 such periodical divisions were discontinued. The appropriation of the fund is now as follows:—quarterly, three-tenths are forwarded to the Tsung-le Yamun at Peking, where, with other public moneys, they are applied in support of schools, in which the French, Russian, and English languages are taught, as well as the carrying out of other useful schemes initiated by that office; three-tenths are handed to the Chinese Superintendent at the port, and are used by him, at his discretion, to meet sundry expenses connected

with his establishment, in which work the Chinese clerks who keep the official records, and copy reports for the higher offices; the remaining four-tenths are retained and accounted for by the officers of the Inspectorate, and are applied, partly in meeting sundry office expenses, partly in occasional gratuities to the lower grades, who have sometimes to endure considerable hardships, and even imperil life and limb, in the discharge of their duties, and partly in aid of occasional public charities. Commissioners never share in the fund, and it is only under special circumstances, and very rarely, and then by the express sanction of the Inspector-General, that any clerk is allowed to be paid a gratuity from it. Annually, each office makes over the balance in hand to the Inspector-General for public purposes.

SECTION 6.—*Concerning difficulties from within, encountered by the Inspectorate in its working; attributable to the peculiarities of its composition.*

Defects that have been observed in the offices of the Inspectorate cannot fairly be exclusively attributed to the difficulties encountered in the introduction of the system springing from the dislike of Chinese officials to interference with their private perquisites, or to those other embarrassments which, subsequent to the establishment of the offices, impeded their working, and which resulted from mercantile shortcomings or opposition. The Inspectorate itself has not been without its own incumbrances; in its composition and in its personnel it has had obstacles to overcome, which, at the outset chiefly, sadly interfered with its efficiency, and which, in that respect, to some extent justified the outcry with which it was met.

It was impossible to inaugurate each office with a staff at once and in every respect competent for the performance of the peculiar duties before them. Of those first employed, although there were some possessed of special qualifications, the result of either acquaintance with the Chinese language or previous experience of Government work in public offices, yet scarcely one brought with him to his new position aught save a vague and very general idea of the functions about to be engaged in. To send to Europe and select men there was as little likely to secure the required article ready-made; however good the material or however promising, those there selected could, in the first instance, be nothing more than learners or apprentices; and if trained in Customs establishments at home, were only too likely to come to their work in China, not only deprived of the requisite flexibility, but so unable to look

beyond the red-tape boundaries within which they had been accustomed to act, as to make their superior knowledge of Customs work a mere stumbling-block in the new offices. Add to this, that the cosmopolitan nature of the work to be done called for a cosmopolitan Customs staff, and that, in the endeavour to carry out in practice what was approved of in principle—a difficult task at all times—it chanced that men were employed (there being no others to be got) whose presence gave to the service a cosmopolitan appearance, but whose absence from the offices, as regarded the work to be done there, would have been infinitely preferable. Scarcely any one entered the office in a subordinate capacity who was not utterly ignorant of his duties; and the heads of departments themselves were, for a time, but imperfectly acquainted with their powers or their responsibilities. It was only after a series of experimental doings that the system began to shake itself into shape.

Further, the opening of Japan and of so many new ports in China created such a demand on the part of mercantile houses for additional hands, that while the Customs had occasionally to submit to see trained men take other employment it became necessary to make shift with others whose social position and want of education were prejudicial alike to the standing and efficiency of the offices, and that, too, contemporaneously with the extension of the system to new ports.

Owing to the above, among other causes, the Inspectorate laboured under serious disabilities, and was for a time in a very unsatisfactory condition. The excuses for the inefficiency were sufficiently palpable; still, where official shortcomings interfered with the transaction of business the mercantile communities were in their right when they murmured; for, putatively, public servants ought to be intelligent, obliging, and competent.

During the last year or two, however, there has been a marked improvement. The offices are no longer short-handed, the heads of departments have now a general appreciation of the nature of the work, which could not be looked for from them when they first joined the service; the subordinates are men of, at all events, average intelligence, and experience has acquainted them with their duties; regulations have been simplified, and their working is understood; and in the offices, generally, there has been springing up an *esprit de corps* which makes every one anxious to do his work creditably, and promises a generous rivalry which argues well for the future. With a steady but satisfactory improvement in the offices, there has been likewise a gradual disappearance of the ill-feeling of the mercantile body; a new generation, as it were, is springing up which,

unacquainted with the laxity of a purely Chinese régime, feels no inconvenience from the application of Customs rules of a kind less strict than those enforced in the West, and the various firms have had time to make special arrangements for the Customs work to be done, and in their counting-houses no longer feel that embarrassment which attended the transaction of business on the first introduction of the Inspectorate. The better feeling that now exists is not unappreciated by those who work in the Customs offices, but it is more advantageous still to those who have to come to those offices to get work done.

Every endeavour is being made to secure the services of able and promising men, and to eliminate, from time to time, such as show themselves hopelessly incompetent; the officers in charge at the ports are exerting themselves to simplify and systematize the conduct of business, and to consult the interests and requirements of trade; and it is not utopian to hope that, in the course of a few years more, the Inspectorate will be found to be efficient in every respect, as well in its ability to do its own work as in its competency to meet the claims of the public.

SECTION 7.—Concerning some of the advantages that accrue to the public from the Inspectorate.

The establishment of a foreign Inspectorate of Customs in China has been commended by some and cavilled at by others; the policy of the measure, as well as the doings of the Inspectorate, have naturally called forth many diverse opinions, and have for years formed a very proper and, by no means, unimportant matter for public criticism.

It is not necessary to dilate on the benefit the establishment of the Inspectorate has been to the Chinese Government. If it has not created an entirely new branch of revenue, it has, at all events, secured for the State funds from a hitherto unappreciated source, and that, too, to an extent never dreamt of before. The support now given to the system by the highest Chinese authorities speaks in itself for the appreciation in which they hold it. Apart from such direct money-advantage to the Government the system, it will be seen, is not without its advantages to trade generally, and to the foreigners who do business with China.

For corrupt, dishonest, and inefficient offices, it has substituted an honest and effective revenue administration tending to complete uniformity at the ports. It, in so far, must be regarded with satisfaction by all loyal men.

It insures a strict, but just, adherence to a published Tariff, it applies that Tariff equally to all and every; and it thereby places those engaged in trade, whether subjects of Treaty or non-Treaty Powers, on the same footing, and in proportion to its efficiency secures equality for, and ensures protection to, the honest merchant.

It frees trade and its operations from the risks, temptations, and uncertainties which must ever attend a collection of duties admitting of underhand arrangements—arrangements which, though open to all comers, must by the uncertainty that attends them and the knavery they encourage, operate disadvantageously whenever they are possible and so long as they last.

It supplies merchants with accurate statistics, otherwise not procurable, and of the value of which merchants themselves are the best judges.

It enables the merchant himself to transact his own Customs business, and, in so far, it renders him independent of his compradore; to what extent it is of importance to be independent of the compradoric class in every respect, many occurrences during the last few years have made more and more apparent.

It is a benefit to trade in the assistance it affords to the Chinese to carry into effect, with advantage to themselves, the obligations into which they have entered by Treaty, and on the proper fulfilment of which commerce, as provided for by those Treaties, necessarily depends. It is not too much to say, that with the Treaties into which China has entered at the summons of foreign Powers, and which, however greatly mutual benefit may have been aimed at, were dictated by the framers from a foreign standing point, and with a consequently keener appreciation of what the development of trade required externally than of the internal capabilities of China to give full scope thereto, such a system as that of the foreign Inspectorate became, for a time at least, a necessity. It is not meant to be asserted that, in the absence of the Inspectorate, trade would have been impossible, but merely that for trade to be carried on in the way provided for by the Treaties, and for the Chinese to take that action which the course of trade, thus provided for, imposed upon them, the absence of such an Inspectorate would have proved worse than perplexing. Under the Treaties, and having in view the future therein marked out for trade, an honest revenue administration became a matter of the first importance; such an administration, the Chinese, unaided, could not supply. Had trade been entirely freed from all charges, Custom-houses would not, of course, have been required; but with duties collectable,

and with a growing commerce which, in its development and intricate operations, necessitated proper records, and daily called for drawbacks, exemption certificates, and other documents, it became absolutely requisite to have a Customs system under which duties should be justly collected, records correctly kept, office work thoroughly understood and efficiently performed, and which should, besides, ensure uniformity at the ports. Aided as the Chinese have been, the objects aimed at have not been easy of attainment, and attempts made to secure them have been more than once frustrated by the stupidity or trickery of native officials; unaided, the Chinese would not have collected duties honestly, that is, according to the Tariff, and, while dishonesty in the collection would have entailed incorrectness and confusion in the records, the result would have been, in the matter of drawbacks and exemption certificates for instance, troublesome enough, as it even now is, an amount of loss and inconvenience that could not have been made up for by an even more than ordinary sharpness in compounding for duties. Were trade carried on at but one port, and were it in the hands of at most some dozen firms, the old Chinese system, although it did rob the Government, and re-acted on mercantile morals, would not entail any greater loss or inconvenience than uncertainty as to particular transactions, to be afterwards made up for when opportunity offered; but, with trade at more than a dozen ports, with firms that must now be numbered by the hundred, with small capitalists, and with increasingly intricate operations, an interdependency of obligations, partly foreseen, and, in so far, provided for by the framers of the Treaties, has already grown up, which can only be met by the working of such an uniform and efficient system as the Inspectorate promises to be.

The more intimate nature of the relations into which the members of the Inspectorate have been brought with Chinese officials, conduces not a little to lead those officials to understand foreigners better, and to remove much of the suspicion and dislike with which they regarded them; and, in the working of that leaven, the tendency is to remove the position of foreigners in China from the support on which it has hitherto been based—force and might, and to place it on one that promises better for the future, and which, though it at first be granted to be nothing more than a merely negative assent to the existing state of affairs, may in time change into an appreciation of, if not a welcome to, the foreigner.

Further, the juxta-position of an honest administration is making itself felt; there is not an official that comes in contact with it who does not express at all events a theoretic admiration, and in

some instances it has given form and body to a determination to bring about a better state of things generally. Through the Inspectorate, perhaps more than through any other means, does there appear to be an opening for the introduction of sundry reforms and useful ideas. It is gradually leading the Chinese mind in the direction of properly salaried official establishments; any step in that direction will go far to do away with the canker that preys on the very vitals of the country, and the multitudinous sufferings and malpractices that are its concomitants. It is illustrating a reflection too, to which it has tended to give rise, that the efficiency of public servants may be greatly increased by a more complete application of the idea of departmental division of labour.

To the merchants who were entitled to indemnifications for losses, to the Governments which demanded indemnities, and to the Government which has to pay, the Inspectorate has been by no means a valueless institution; its supervision of the collection of duties has ensured a much speedier settlement of such claims than could, without detriment, have been otherwise attained.

In the regulations from time to time drawn up for the various ports, the Inspectorate has not for a moment lost sight of the interests and requirements of trade; and wherever the right performance of the duties for which the offices are responsible allowed for it, it has introduced modifications of a useful kind that could not in any other way have been readily obtained, and which have directly benefited merchants generally. In this connection, reference may be made to the regulations under which the Hong Kong and Macao steamers trade with Canton, those drawn up for coast steamers plying between Hong Kong, Swatow, Amoy, and Foochow, the special rules for river steamers on the Yang-tze, the facilities given to trade in Formosa by the arrangement which recognizes Takow and Keelung as the outports of Taiwan and Tamsuy, the repackage of goods at Shanghai, harbour improvements, the public investigation of breaches of regulations about to be initiated; the above, among other advantageous schemes, have been elaborated and secured in the interests of commerce by the Inspectorate; and in many minor details at the ports efforts are being constantly made to meet the requirements of the times, and by facilitating trade, increase it, and add to the revenue.

The old system, as has been already remarked, might do with one port and a few firms; but, with the increase in the ports, and with constant additions to the number of firms, such a system could not continue to exist, and, indeed, would not be tolerated. Apart

from the establishment of an Inspectorate, the only resource would have been to do away with import and export duties altogether, but the concomitant of that provision would be to allow the officials in the interior full swing for local taxation: how far that would have answered, or rather the reverse of answered, needs no fuller comment.

Those who pronounce the working of the Inspectorate to be antagonistic to the merchants do not understand it; its introduction, and its working during the first few years, may have entailed temporary inconvenience and frequent embarrassment; it was in the nature of things that such should be the case—inconvenience and embarrassment have, however, gradually disappeared, and the tendency and aim of the Inspectorate are to encourage and foster, in so far as possible, rather than restrict and cripple mercantile enterprise. The daily and routine work of each office lies in such a supervision as shall secure the payment of every cash the Government can justly claim as duties; but the Inspectorate is likewise quite alive to the fact that it has another and kindred end to strive for, and that it is to develop sources from which, and remove whatever obstructs streams by which, those duties come. The Inspectorate, while it does good service for its employer—the Chinese Government—in collecting an increasingly large revenue, is, for the present, a necessity under the Treaties; a necessity, however, which need not be regarded with dislike or suspicion, for, while the ally of commerce generally in enlisting in its favour the sympathies of the Chinese Government, the Inspectorate will be for a time, and while it exists, a more and more efficient, though extraneous, public servant; it will have finished its work when it shall have produced a native administration, as honest and as efficient, to replace it.

(signed) ROBERT HART,
Inspector-General of Chinese Maritime Customs.

SHANGHAI, November 1864.

Prohibition of Steam-launches to ply on Inland Waters.

No. 88
of 1864.

OFFICE OF MARITIME CUSTOMS,
SHANGHAI, 30th December 1864.

SIR,

I beg to enclose a copy of the correspondence which has passed between the Taotae and myself concerning the resort of small steamers to the silk and cotton districts in this province. Encl. No. 1.
Chinese.

In my letter of 3rd July last to the then Acting Taotae Ting I suggested certain rules under which steamers of this class might be registered and managed, but I received no reply to this letter.

On the 4th of December Ting Taotae wrote to me concerning the str. "Donnington" which had been advertised to proceed to Soochow and directed me to prevent her from going. Encl. No. 2.

I communicated the Taotae's prohibition to Mr. Evans the owner of the steamer. In replying to the Taotae's letter I informed His Excellency that other steamers were still in the habit of resorting to Soochow and the silk and cotton districts, that their principal object was the conveyance of treasure, that I thought they ought still to be permitted to carry on this business, but that if he objected to their doing so it would be necessary to communicate his objection to the Foreign Consuls. On the 13th he informed me that he had written to the Foreign Consuls prohibiting the resort of steamers to the interior.

In the conversations which I have held with Ting Taotae on this subject before the case of the "Donnington" occurred, I have stated that I thought it inexpedient to withdraw a privilege which had been enjoyed so long at this port.

The Taotae has not yet received a reply to his despatch, from any of the Consuls.

I am, etc.,

(signed) T. DICK,

Commissioner of Customs.

ROBERT HART, Esquire,
Inspector General, etc.

OFFICE OF MARITIME CUSTOMS,

SHANGHAI, 8th June 1865.

No. 45
of 1865.

SIR,

I had in several conversations the opportunity of bringing to your notice that discussions had passed between H.E. the Superintendent, the British Consul, and myself, regarding the use by foreigners of small steamers for the silk trade. The merchants who had made applications to effect were not unright by saying that having invested money upon such steamers in consequence of the allowance formerly granted for these to run into the interior, it was unfair to withdraw it suddenly and cause the capital invested to be lost. The Superintendent on his side was bound by strict prohibitions from the T'sung-li Yamén which could not be disregarded.

Under that position the matter could not be brought to any arrangement. An idea submitted by His Excellency of putting his steamers to the disposition of the merchants was not assented to by the British Consul, who has taken upon himself to let two or three steamers belonging to British subjects run into the interior. But the question has been referred to Peking, and at the request of the Superintendent I have drawn a few regulations to which the use of the silk steamers could be subjected for the future. I beg to enclose a copy of these regulations which may hereafter be submitted to your consideration by the T'sung-li Yamén. You will see that their object is 1° to limit the time for these steamers to run to a period of three months; and limit the places where they can go to—2° to oblige them to take a heavy license, by which their number is likely to be limited—3° to regulate their size to the dimensions necessary for bringing treasure and towing silk boats.

Encl. No. 1,
Chinese.

It should not be inferred from such regulations that it enters in my system to restrict trade in any way. I drew them only at the wish of H.E. the Superintendent; I think however that the facility of sending steamers into the interior should be gradual, first commencing by the silk trade, and subsequently extending to any other purpose should it be attended by no inconvenience, whereas letting twelve steamers as there are now in port go at any time where they like would interfere too suddenly with the native

trade and also give rise on the part of the foreigners to trouble and annoyances to the authorities and people of the interior.

I am, etc.,

(signed) P. GIQUEL,
Commissioner of Customs.

ROBERT HART, Esquire,
Inspector General, etc.

Confiscation of Smuggled Goods stored away from Treaty
Ports no affair of Customs.

INSPECTORATE GENERAL OF CUSTOMS,

No. 14.

29th April 1867.

Canton Series.

SIR,

On the 19th instant I received your despatch No. 17 of the 25th March, reporting that Mr. Rubery had been despatched by you, accompanied by five tidewaiters and five Chinese police from the Hoppo's Yamén to seize and bring to Canton certain Opium, said to have never paid duty, and stated by the spy to be at the time lodged in a house at Kwi-chow,—that Mr. Rubery and party, having found the house and proceeded to search it, were attacked by the villagers, by whom they were supposed to be kidnappers, and detained until released by the Wei-yuen subsequently deputed for that purpose by the Governor General,—and that, shots having been exchanged during the tumult, an investigation has been made at the Kwang Chow Foo into circumstances which had resulted in wounds and death.

My opinion is, that the expedition ought not to have been undertaken, and my instructions are that such enterprises be refrained from for the future.

The position of the Foreign Inspectorate is of such an anomalous character, that we should be careful to keep its angularities in the background, rather than to make them prominent.

Now, its most salient feature, from a Chinese point of view, is its action as affecting the persons or property of Chinese: it is hard enough for fraudulent officials to find their peculations interfered with by the foreign adjunct,—it is harder still for the honest and well-disposed Mandarins to have to acquiesce in the necessity that does exist for the employment of foreign aid for the performance of this Chinese work,—but hardest to be borne of all is it for the people, especially those at any distance from the ports, to find the foreigner appearing to take action, which, at first not to be distinguished from a barbarian raid or brigandage to be resisted, is still less intelligible—still less palatable—when explained to be on behalf of native officials. The Inspectorate has outlived the opposition of the foreigner, and it need care but little for the dislike of petty officials whose palms itch for money, or for the hostility of native smugglers at the port or on the waters that are in its vicinity, but, in view of general interests, it would be a grave error, indeed, to awaken the enmity of the populace at places in the interior, and lead them to couple the foreigner's name with the seizure and confiscation of property, and weaken by our interference the hold which native officials ought to have over native Chinese. Any such action away from the port, involves the Inspectorate in trouble,—is both uncalled-for and impolitic,—increases the dislike for the foreigner which exists, and calls it into life where it as yet is not,—is detrimental to local interests, in that it weakens the authority of the rightful lords of the soil,—and is calculated to breed mischief generally, for which no Confiscation Fund would ever compensate—to say nothing whatever of the danger in which it places the few foreigners that may be detailed for duty on each occasion.

Since the establishment of the Office at Canton, the foreign employés there have unavoidably been exposed to many risks from which I should have desired them to have been freed; but the proximity of Hongkong and Macao, and the network of waters between those places and Canton, afford so many facilities for smuggling, that, for the protection of the revenue, those risks must still continue to be met. Let them, however, be encountered afloat, and not on land, and let the expeditions be undertaken or abandoned after a due consideration of the relative importance of the danger to be faced and the results to be secured.

For the future, therefore, should you receive information of smuggled goods stored in places on shore, and away from Canton, you will refrain from despatching any of the foreigners connected with the Office to make either search or seizure: you will leave that work to be done by the Chinese themselves—the Hoppo and the

local officials. Even at Canton itself, I am of opinion that houses should not be entered or searched by the foreigner: it is not that we have not the right to do so, but that such proceedings, if not uncalled-for, are, at all events, impolitic, their results even when successful, being but a sorry return for harm they otherwise effect.

As to the spies, I distrust that class very much, for I believe them to be composed chiefly of two kinds of men—they are either the allies of the smugglers who, by giving false information, clear the way for the real venture, or they are speculators who, when they give information, are themselves the owners of the few balls of opium found on board the offending boats, and who willingly see their own property seized in view of the three-tenths accruing to them from the confiscation of the boat and her other cargo. If, however, you deem it desirable to employ such aid, and I do not deny that such men have their uses, the only way to secure the services of the better and, comparatively, more reliable class, will be to keep their names and persons in the background as much as possible, and, to do that, you must receive them out of office hours, communicate with them through a foreign interpreter, and refrain from all allusion to them in your Chinese reports and despatches.

In another despatch I shall address you relative to measures to be adopted afloat; meantime, I have to instruct you to discontinue expeditions, of the kind referred to in the despatch under reply, on shore.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
CANTON.

Pilotage in Chinese Waters: Inspector General's comments on
1867 Regulations.

INSPECTORATE GENERAL OF CUSTOMS,

No. 54

Shanghae Series.

PEKING, 13th May 1867.

SIR,

1.—In my Circular No. 3, dated 26th April, I forwarded, for your guidance, the General Regulations affecting Pilotage, proposed by the Tsung-le Yamēn to the Foreign Representatives here for their acceptance (*vide* French Treaty Art. XV) and formally agreed to and adopted on their part.

2.—The ninth of those Regulations provided for the framing of Bye-Laws, to be drawn up by the Harbour Masters, in the first instance, and then to be forwarded, for approval and enactment, to Peking.

3.—In order to secure uniformity in so far as is possible, I have endeavoured, with the means at my disposal, to frame a *projet* of rules, categorically arranged, and susceptible of all the extension that may be necessary under the various headings. That *projet* forms the enclosure to this despatch.

4.—You will observe that there are in all Ten Sections, and that, in the Sections, are to be found the General Regulations already approved of, and what I have styled Bye-Laws and Local Rules.

The Bye-Laws supplement the General Regulations, and are of a kind intended to be applicable at all ports, equally with the General Regulations themselves.

The Local Rules, on the other hand, are not, and cannot be, generally applicable, and under that heading must be placed all such regulations as the differing natures of the several ports, and the special circumstances affecting pilotage, may seem to demand.

5.—The Ten Sections are as follows:

- 1°. The general provision for the framing and enactment of Bye-Laws, etc.
- 2°. The rules determining the number of Pilots to be licensed at each port.

- 3°. The regulations affecting the appointment of Pilots—constituting a Board of Appointment, defining the eligibility of candidates, making examinations competitive, directing the issue of Licences, and regulating the engagement of Apprentices.
- 4°. Rules providing for the government of Pilots generally, and defining offences and enacting penalties.
- 5°. The regulations relative to the rights and remuneration of Pilots.
- 6°. Provision made for fixing the compensation to which Pilots shall be entitled under special circumstances.
- 7°. Rules affecting Pilot-Boats.
- 8°. Complementing the rule which limits the number of pilots, by making pilotage obligatory on vessels generally, subject to exceptions yet to be made.
- 9°. Special rules to be observed by vessels having Pilots on board.
- 10°. Creating a Pilotage Fund to be controlled by the Harbour Master.

6.—The General Regulations having been agreed to and published, the next thing to be done is to draw up the Bye-Laws and Local Rules, and, in doing this, the first point to be attended to is that to which the second section has reference.

I have, accordingly, to instruct you to direct the Harbour Master to consider carefully the question as to the number of Pilots required for your port, and then to put himself in communication with the Consuls and Chambers of Commerce, and, having fixed upon the number to be licensed, to report the same, through you, for my information.

In this connection, I have to suggest the expediency of retaining as many really qualified Pilots as are to be found exercising their vocation at your port, even though, at the commencement, that number should be in excess of its real requirements, and I should also state that I have it in contemplation to do away with the Assistant Harbour Masters at present existing as at Shanghae, and supply their places by appointing Harbour Pilots.

7.—The question of the number of Pilots required having been considered, the next point to be attended to will be the constitution of the Board of Appointment.

At Shanghai that Board can be constructed in accordance with the terms of the General Regulations, and without delay or difficulty; but at Newchwang, and perhaps at the Southern ports, it will be impossible to frame such a list of Examiners as the Regulation calls for, and a Local Rule (C) must therefore be drawn up to meet the circumstances of each port. The General Regulations should in all cases be adhered to as closely as possible, and, when departed from of necessity, the proper guide will be a due regard to general interests, guided and controlled as that regard will be by the work to be provided for and the circumstances of the port.

8.—The persons eligible to serve on the Board of Appointment having been elected, or the constitution of the Board having been satisfactorily arranged, the Harbour Master will proceed to issue Pilots' Licences, and, in doing so, it is to be borne in mind, that, while the candidates eligible must be either Chinese, or the subjects, citizens, or protégés of Treaty Powers, they are to be examined and licensed without further distinction of nationality. Such Licences are to be countersigned by yourself, and I would suggest the advisability of calling upon each Pilot, before handing him his Licence, to execute the Bond to be provided for in the first Bye-Law under the Second General Regulation of the Fourth Section. I deem it expedient to call for such Bonds in the first instance, in order to strengthen the Harbour Master's authority prior to or pending the publication of Bye-Laws and Local Rules at, and their formal issue from, Peking.

In the case of natives applying for Licences, each candidate should hand in a guarantee 保 結 setting forth his name in full, age, native place, etc., etc., etc., and that guarantee should be signed by the securities usually demanded by Chinese custom. Failing such security, the Licence ought not to be given; at the same time, care ought to be taken not to expose the applicant to the risk of any local exaction or "squeeze."

9.—The fourth section, providing for the Government of Pilots, defining offences and fixing penalties, comprises three of the Regulations already approved of. To supplement those Regulations, I propose that nine or more Bye-Laws be drawn up; in the enclosure you will find those that I consider necessary, but the Harbour Master, in consultation with yourself, may add to or alter them at pleasure.

10.—The fifth section fixes the pilotage charges, or rather leaves them to be fixed at each Port, and makes Consignees responsible for their payment. You will see that certain Bye-Laws

are proposed to be appended thereto, and that it is in the Local Rules that the limits of the Pilotage Ground and the Tariff of Charges are to be set forth.

You will bear in mind the propriety of making provision for the support of Harbour Pilots, when fixing the scale of charges.

11.—The eighth section is headed by a General Regulation making Pilotage compulsory. It is only fair that there should be such a provision in view of the limitation of the number of licensed Pilots—a limitation which has for its object efficiency in, and adequate remuneration for, the individuals. But there is likewise to be taken into consideration another set of circumstances and requirements of a kind which I propose to meet by a Bye-Law, enabling each Port to issue *Supplementary Pilotage Certificates* to the Commanding Officers or Mates of Steamers trading in and out every week (as, for example, the Yangtsze Steamers and those running between Ningpo and Shanghae), and also to persons employed regularly on board the Steamers of any line as pilots (as, for instance, the pilots in the continuous employ of the steamers of the Messageries Impériales).

The 4th and 5th of the Bye-Laws in this section, relating to Outward and Inward bound ships, contain clauses which ought to prove of considerable utility.

12.—In the ninth section are to be placed Special rules of all sorts referring to the movements of vessels, the establishment and organization of such voluntary societies or companies as the pilots in the port may see fit to form, etc., etc., etc.

13.—The Tenth Section makes provision for a Pilotage Fund, and when it is remembered that Pilot Boats are exempted from liability to Tonnage Dues, that the number of Pilots is limited so as to secure a sufficient income for each individual, that the position of the pilots is placed on an improved and secure footing, that the Harbour Masters Department will have to meet many expenses in connection with the supervision of, and work done for, Pilots, and that the general aim of the scheme is to secure owners and insurers against loss by providing efficient pilots, to obtain for qualified pilots remunerative employment, and to make the whole work in such a way as to avoid complications and do good service for both native and foreigner, I do not see that the creation of such a Fund, or the fees charged on its account can be regarded as objectionable by those who may have to pay them.

14.—The foregoing remarks ought to be carefully studied, in connection with the *projet* enclosed, by the Harbour Master, whose duty it will be to draw up Bye-Laws and Local Rules with all possible speed, and, in drawing them up, he will endeavour to incorporate as many of those suggested as possible, observing the division of the General Regulations into sections, placing each Bye-Law under the Regulation supplemented by it, and arranging the Local Rules in the same manner. The Bye-Laws and Local Rules drawn up by the Harbour Master should then be carefully considered by yourself, and approved of by you, they should then be* formally "communicated" to the Consuls by the Harbour Master, and should, simultaneously with communication to the Consuls, be forwarded to me in English, French,
six (6) copies and Chinese.
two (2) copies.

15.—On receipt of this despatch you will at once proceed to

- 1°. Determine the number of Pilots to be licensed.
- 2°. Make arrangements for the construction of the Board of Appointment.
- 3°. Grant Licences to qualified Pilots under Bond.
- 4°. Ascertain what steamers will take advantage of the Bye-Law in respect of Supernumerary Pilotage Certificates, and
- 5°. Direct the Harbour Master to prepare as complete a set of Bye-Laws and Local Rules as he can possibly devise.

On each of these points you will report to me, as soon as anything definitive in respect of the same shall have been arrived at by you.

16.—In conclusion, it only remains for me to point out that the proper view to be taken of the work already done and yet to be accomplished, is, on the one hand to regard the rules, etc., as drawn up in the first instance for *Native Pilots*, and yet applicable to all who choose to compete with such natives as Pilots in Chinese

* Sir,

In accordance with Art. IX of the General Regulations for Pilotage, I beg to enclose copy of Bye-Laws and Local Rules proposed to be enforced at this port, and now forwarded to Peking for the approval of the High Authorities.

I am, etc.,

Harbour Master.

waters, and, on the other hand, to let it be seen that the Chinese Government, through its own employees, is quite able to manage its own business in its own waters, in such a way as to preserve its dignity and uphold its independence, while performing in the best possible manner, and to the manifest advantage of all, its duties as a Government in respect of all matters pertaining to Pilotage generally.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

G. H. FITZ-ROY, Esquire,
Commissioner of Customs,
SHANGHAE.

Hulks to be Reported on Arrival. Can Penalties imposable by
Treaty on nationals of Power concerned, be imposed
on nationals of other Powers not having
corresponding Treaty Articles?

INSPECTORATE GENERAL OF CUSTOMS,

No. 15

PEKING, 7th June 1867.

Canton Series.

SIR,

Having reference to your despatch No. 39 of the 14th September 1866, forwarding copy of correspondence between the Hoppo and United States' Consul, regarding the non-report of the American Ship "Tropic," I have now to inform you, that I have addressed a despatch, to the following effect, to the Tsung-li Yamén:—

All the Treaties provide for the reporting of ships within two days after arrival, but, while the others enforce attention to the rule by penalties, the American Treaty makes no provision for punishing those who fail to comply with it.

On the 8th of the 6th Moon last year, the American ship "Tropic" arrived at Canton. A fortnight elapsed, and the vessel continued unreported; the Hoppo wrote to the Consul to make inquiries, and was informed in reply, that the "Tropic," as a "hulk," did not require to be entered. The Hoppo thereon again wrote to say that, although a "hulk," the arrival ought to be reported in the usual way, and that, having remained unreported beyond the time specified by (the American) Treaty, the fine provided for by the (the English) Treaty ought to be enforced; to that letter the Consul replied, that the American Treaty did not provide for the application of any fine, and that the "Tropic"—even admitting that a "hulk" ought to be reported—could not be fined. Some time afterwards, towards the end of the 7th Moon, the Consul entered the vessel in the usual way, and the points at issue were referred to Peking for settlement.

I find that the occurrence raised two questions: 1° ought "hulks" to be reported, and 2° can the stipulations of the British or any other Treaty operate, to render an American vessel liable to a fine?

With respect to the first point, as to whether or not the Treaty stipulation, providing for the reporting of *ships*, can be construed to mean that "hulks" must be reported, I need only point out, that merchant vessels are of many kinds,—they are small and large, of iron and of wood, propelled by steam, and propelled by sails, different in build, and various in rig—and that anything that floats, and is used for the transport of cargo, or the conveyance of passengers, from one port to another, or which floats and remains at any one place, anchored or moored, for the storage of goods or to be used as a floating residence, must be held, for all Treaty purposes, to come within the meaning of the term *Merchant Vessel*. A "hulk," therefore, ought to be reported on arrival like any other vessel, and, in the present case the "Tropic," which was first of all a vessel for the conveyance of cargo from port to port, afterwards a hulk for the storage of goods in the Harbour of Hongkong, and, on the occasion in question, brought up to Canton, to be refitted for long sea voyages, the Canton Customs were perfectly in their right in demanding that the Consul should enter her—an opinion, too, which is borne out by the fact that the local result of the correspondence was the entry of the "Tropic" by the Consul.

The second point is not so easy of settlement. The question is: could the "Tropic" being an American vessel, and not having been reported as prescribed by the American Treaty, be punished for failing to do so, by bringing into operation the provisions of that Article of the English Treaty, which, prescribing Consular report, goes further than the corresponding Article of the American Treaty, and provides a penalty for neglecting to comply with the rule?

To answer this query, it is first to be considered, whether, supposing the vessel to have been an English vessel, there would have been a fine leviable by the English Treaty. The 37th Article of the English Treaty limits the time within which a vessel must be reported, and prescribes a fine for non-report, but it contains an explicit limitation and interprets itself, for it states clearly that the fine is to be levied provided the non-report be "owing to neglect on the part of the Master." Now, in the case of the "Tropic," so far as the correspondence goes, it is evident that the non-report was owing to—not "neglect on the part of the Master," but—the Consul's opinion, that, being a "hulk," report was unnecessary. I must, accordingly, point out, that, under the circumstances, had the "Tropic" been an English vessel, a fine could not have been levied: the only action to have been taken would have been a reference to the High Authorities at Peking for the settlement of the point thereby raised, as to whether "*hulks*" ought to be reported or not.

Now, for the moment regarded as an English vessel, and shewn to be not liable to fine by the Treaty, to which, in the absence of a direct stipulation in the American Treaty, the Customs had recourse, it is of course the more evident that the (English) rule which did not suffice to fine her as an English vessel, must be still more inadequate to do so when viewed as an American vessel flying the American flag.

I am, accordingly, of opinion that, under the circumstances, the American authorities ought not to be called upon to enforce any fine for the delay that occurred in reporting the "Tropic."

The consideration of the subject raises another point, however, viz: in the matter of fines and penalties, can the more precise stipulations contained in one Treaty be appealed to by China, to supplement the less complete provision of another? In a word, can a fine fully provided for by the English Treaty be enforced in the case of an American, for failing to do

something, which, by the American Treaty, he is bound to do, but for failing to do which that Treaty (the American) provides no punishment? The Treaties in question,—the English and American,—supply no answer to this query, and accordingly its settlement would at first sight appear to involve an appeal not so much to Treaty provisions as to International Law. But, at this stage of the discussion, we are met by the consideration that 1° foreigners in China are dealt with in accordance with a peculiar principle styled *extritoriality*, 2° the 40th Article of the French Treaty provides “que toute obligation non consignée expressément dans la présente convention *ne saurra* être imposée aux Consuls ou aux Agents Consulaires non plus qu'à leurs nationaux”, and 3° the American Treaty, like all others, contains “the most favoured nation clause.” Met by these special considerations, it would seem that,—while International Law would have originally entitled China (had China had treaties with *no* countries save England and America, or had the French Treaty been without the 40th Article) to apply the penalty provided for by the British Treaty, in cases where the American Treaty has made a rule but failed to specify a penalty,—penalties, provided by one Treaty, cannot be extended to cases in which the parties concerned are in China under another Treaty, and that the Customs in the affair of the “Tropic” are not in their right in appealing to the stipulation of the British Treaty.

The situation was not dissimilar, when, in 1863, a question arose as to the liability to fine of Americans presenting false manifests; the American Treaty provides for a manifest, but is silent as to the penalty for an incorrect one, whereas the English Treaty, providing for a manifest in similar language, goes further than the American Treaty, and enacts a fine of 500 taels in case of false manifest. In the year in question, 1863, the American Minister settled the point by issuing a Circular to the Consuls, ruling that, pending reference to Washington, the Article XIX of the American Treaty should be defined by the XXXVII of the British Treaty, and that the penalty for American false manifests should be the fine already provided for by the British Treaty.

I therefore suggest to the Yamén the propriety of addressing the American Minister, and requesting the issue of a Circular—as was done in 1863—notifying to all concerned that every description of vessel is to be reported to the Customs on arrival, and ruling, that, for failure to report, the British

Treaty shall be held to interpret the incomplete provision of the American Treaty. The reporting of ships is no inconvenience or hardship to the merchant,—it is prescribed by Treaty and its non-observance leads to irregularity in Customs' office work; such a Circular, therefore, will be of considerable use, and will prevent such disputes for the future.

As to the "Tropic," I am of opinion that no fine can be called for.

My despatch to the Yamēn is, generally speaking, to the above effect, and, upon the receipt of the American Minister's reply, I will again address you.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
 CANTON.

Pilotage in Chinese Waters: 1867 Regulations to be held
 in abeyance.

INSPECTORATE GENERAL OF CUSTOMS,

No. 63

PEKING, 25th June 1867.

Shanghae Series.

SIR,

I have to acknowledge the receipt of your despatch No. 56 of the 6th instant, enclosing copy of a communication to your address from certain of the Shanghae Pilots, suggesting alterations in the Pilotage Regulations lately drawn up at Peking, and your reply.

T. Walter,
 Esq. Har-
 bour Master
 Informed.
 10th July
 1867.

The Regulations thus sought to be amended are general in their character, and intended—not for Shanghae alone, but—for all the ports; they were very carefully considered, in respect of both principle and detail, before adoption by the Tsung-le Yamēn and the Foreign Representatives here; and they made provision by

which to meet special or local requirements, by leaving it to the Harbour Masters at the several ports to draw up Bye-Laws and Local Rules. The proposal, then, to make such changes, is one which cannot be entertained.

The amendments suggested may to some extent be provided for by Bye-Laws and Local Rules, in so far as they concern detail; but where they affect principle, they are inadmissible.

As it is the wish of the Pilots, and agreeable to the Consular Authorities, that the new regulations should remain in abeyance until Mr. Hockly's return, I do not object to your following that course.

With reference to your letter to, and the reply from the Acting Harbour Master, relative to the endorsement made by him on Sutherland's certificate, you will please to remind Mr. Gardner that his chief at Shanghae is the Commissioner of Customs, and you will tell him from me that another such mistake on his part will not fail to be very seriously noticed.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

G. H. FITZ-ROY, Esquire,
Commissioner of Customs,
SHANGHAE.

Domestic Loans secured on Customs Revenue to be authorised
by Imperial Decree.

INSPECTORATE GENERAL OF CUSTOMS,

No. 76

PEKING, 19th July 1867.

Shanghae Series.

SIR,

Having reference to the Loan that is being negotiated by the Agents of the Governor General of Shensi and Kan-su, Tso Tsung-Tang, at Shanghae, I am instructed by the Tsung-li Yamén to inform you, that Tso Che-tae's proceedings have been duly sanctioned by Imperial Decree, and to authorize you to countersign and seal the promissory notes issued by the Taoutae at Shanghae, to the amount of one hundred and eighty thousand taels.

Tl. 180,000

The object of countersignature by the Commissioner is to certify to the foreign mercantile community that the Loan is a Governmental one, and that the central Government undertakes all the responsibilities connected with the payment of interest and repayment of principal.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

G. H. FITZ-ROY, Esquire,
Commissioner of Customs,
SHANGHAE.

Pilotage in Chinese Waters: 1867 Regulations: Difficulties of enforcement at Shanghai.

Confidential
No. 86B

Shanghai Series.

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 4th September 1867.

SIR,

1.—I have to request your careful consideration of the confidential instructions now drawn up for your guidance, and which are embodied in this despatch, in connection with Pilotage affairs at Shanghai.

2.—The “General Regulations” recently published in my name in the Shanghai papers, were drawn up in consultation with Their Excellencies the Ministers of the United States, Russia, Prussia, and Great Britain, and the Chargé d’Affaires of France resident at Peking from all of whom the Chinese Foreign Office holds despatches approving of, and assenting to them.

3.—The “General Regulations” are not for any port in particular but for all, and they are only to be departed from when local circumstances are of such a kind as to make it impossible to carry them out. In the drawing up of those Regulations, as in the steps to be taken to give them effect at the ports, the sole object in view was, and continues to be, to place Pilotage affairs in Chinese waters on a uniform and satisfactory footing, respect being had to the interests of both Pilots and Ship-owners.

4.—The Circular which acquainted the Commissioner of Customs at Shanghai with the Regulations which had been thus drawn up and approved of, was followed by a despatch (Shanghai Series No. 54) which you have no doubt seen and which, while carefully explaining the Regulations and pointing out the steps to be taken for their introduction, forwarded in addition a *projet* of a Pilotage Code, intended to comprise General Regulations, Bye-Laws, and Local Rules.

5.—At Newchwang and Tientsin, the Pilotage Regulations have been brought into operation: the number of Pilots has been fixed, the candidates have been examined, and the successful competitors have been duly appointed: and, from Newchwang, I have already received back the *projet* Code duly amended and modified, with the Bye-Laws there adopted, and the Local Rules found suited to the circumstances of the port. What has been accomplished at Newchwang and Tientsin is surely not impossible at Shanghai.

6.—The seventh paragraph of my despatch No. 54 to Mr. Fitz-Roy's address, stated that the Board of Appointment at Shanghai could be constructed "in accordance with the terms of the General Regulations" and as I then supposed "without delay or difficulty." I also said, that the General Regulations should be adhered to as closely as possible, and when departed from of necessity the proper guide would be found in a due regard to general interests, controlled as that regard must be by the work to be provided for, and the circumstances of the port.

7.—I learn from the Commissioner of Customs (despatch No. 96 forwarding copy of a communication, with its enclosures addressed to Mr. Fitz-Roy by Capt. Gardner) that my expectations as to the possibility of forming the Board of Appointment without delay or difficulty, and in accordance with the terms of the General Regulations, have not been realized.

8.—The first of the General Regulations provides that the number of Pilots shall be determined by the Harbour Master in consultation with the Consuls and *Chamber of Commerce*.

9.—The Chamber of Commerce, has, I regret to say, attempted to ignore the existence of the Harbour Master by addressing the reply to his communication, on the subject of the number of Pilots to be licensed at Shanghai, to the Commissioner of Customs, and in addition to refusing to express the opinion it was invited to express, it has pronounced the Regulations, drawn up after much deliberation and assented to by all the Treaty Power Ministers resident at Peking, to be unsatisfactory and little conducive to the end desired.

10.—Inasmuch therefore as the Chamber has refused not merely its answer to the question put, but its co-operation generally, *I have to instruct you to refrain entirely from making any further reference to the Chamber of Commerce*.

11.—I regret extremely that so important and influential a body should have refused its co-operation, but, as the Regulations limited the powers of that Chamber, in pilotage matters, to an expression of its opinion as to the number of pilots to be licensed, and, as the Chamber has when invited, refused to express any opinion on the subject, it only remains for the Harbour Master's Department to proceed with its work without further reference to that Chamber.

12.—You will therefore hold no more communication with the Chamber in respect of Pilotage matters, without special instructions

from myself, and, in fixing the number of the pilots, you will be guided generally by the third clause of the sixth paragraph of despatch No. 54, which suggests the "expediency of retaining as many really qualified pilots as are to be found exercising their vocation at your port, even though that number should, at the commencement be in excess of its real requirements."

13.—The third of the General Regulations providing for the construction of a Board of Appointment, enacts that certain of its members shall be drawn by lot from a list made up of persons nominated by agents of *Insurance Offices*, and of Ocean Mail Steamship Lines. In the seventh paragraph of my despatch No. 54, I pointed out that the General Regulations should only be departed from of necessity, and that then action should be taken with a due regard to general interests, the work to be provided for, and the circumstances of the port.

14.—The Acting Harbour Master, Capt. Gardner, invited each of the Insurance Offices, as provided for, to choose an individual to be placed on the list of persons eligible, by lot, for a seat at the Board. The Insurance Offices, like the Chamber of Commerce, have ignored Capt. Gardner's existence to a certain extent, and have addressed a united reply to his communications to the Commissioner of Customs, pronouncing the General Regulations to be "very unsatisfactory as regards the general interests of shipping and also those of the Pilots themselves," and refusing to co-operate with the proposed Board.

15.—As I did in the case of the Chamber of Commerce, so, too with regard to the Insurance Offices. I must express my regret that they should find themselves called upon to refuse their co-operation in a work in which they have been invited to assist, and that, the more especially inasmuch as that work has for its object the special interests of Pilots, of shipping, and of the Insurance Offices themselves.

16.—Inasmuch, however, as the Insurance Offices have refused to do the one thing they were to be invited to do—viz.: to nominate to the Board of Appointment—it is no longer necessary to hold any communication with them, and I have accordingly to direct you to refrain from again referring to the *Insurance Offices* on subjects in any way connected with *Pilotage*, without special instructions from myself to do so. They have refused to nominate persons to be placed on the list for the Board of Appointment: there is no other act under the Regulations, remaining to be demanded of them.

17.—What then is to be done to construct the Board of Appointment? The Regulation makes it to consist of *four* members: the Harbour Master, the Senior Pilot, and two persons whose names are to be drawn from a list by lot. For that list, the Insurance Offices and Ocean Mail Steamship Lines were each to nominate one person: the Insurance Offices refuse to nominate, and it is accordingly impossible—within the meaning of the seventh paragraph of despatch No. 54—to construct the Board as provided for; accordingly it must simply be constructed in some other way, departure from the regulation being now unavoidable.

18.—You will therefore please to invite the Ocean Mail Steamship Lines to nominate, if necessary, three persons each to be placed on the List, and you may take any other steps—subject to subsequent confirmation by myself—that may appear to you expedient under the circumstances.

19.—You will proceed without delay, to arrange the list, and, *as soon as you have four names on it*, you will issue a notification to the effect that, under instructions received from the Inspector General, candidates for examination for licences as pilots at the port of Shanghai, whether native or foreign, must send in their applications within ten days, and that, on the eleventh day the Board of Appointment will commence to sit for the examination and licensing of individuals of proved competency.

20.—Further, on the day on which the Board commences to examine the candidates presenting themselves, you will issue another notification, under instructions from the Inspector General, calling upon all persons who may hold Pilotage licences of any description, to either hand them to yourself to be destroyed, or to return them to the offices from which originally issued, to be cancelled, within ten days, and you will warn the public and all concerned that on and after that date no one is licensed to act as a Pilot for the Port of Shanghai, except the individuals examined and passed by the Board, and provided with Certificates signed by the Commissioner of Customs, and countersigned by yourself.

21.—When issuing the first notification calling upon candidates for examination to send in their names you will publish another notice, by order of the Inspector General, *rehearsing in full* that one of the Bye-Laws which (Section VIII B. 1) provides for Supernumerary Pilotage Certificates, and you will invite all persons, who, being qualified to do so, desire to take advantage of its provisions, to send in their names, in order that arrangements may be made for their examination, and for the issue of Supplementary Certificates to them.

22.—I calculate upon your receiving this despatch by the 15th of the month, by the 20th I hope you will have arranged the list from which the members of the Board are to be drawn, and, by the first of October, I trust you will have commenced to examine and issue Pilotage Certificates.

23.—The Deputy Commissioner of Customs, Mr. Brown, made a special study of Pilotage matters when at Foochow; it will be well for you to read carefully with him despatch No. 54 and the present instructions, and generally speaking, to consult with him about the action you are to take; further you will please to remember that *the instructions which precede are step by step, and one and all, to be carried into effect by you, without loss of time.* You will keep your own counsel, bearing it in mind that these instructions are of a confidential kind, and that the less you say about anything you have to do, the more likely will you be to be able to do it, at once and satisfactorily.

24.—I shall observe narrowly your conduct in the carrying out of these instructions, and shall consider the opportunity as affording a fair test of your administrative abilities. The end aimed at is to license pilots at Shanghai, under the new regulations, with the least possible delay.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

CAPT. VIGUIER,

Acting Harbour Master,
SHANGHAI.

False Manifest cases at Amoy. Prussian Minister's claim that
Fines for such cannot be imposed on Prussian vessels.

PEKING, 3rd December 1867.

SIR,

You are aware that two years ago the firm of Messrs. Pasedag & Co., Amoy, was fined by the Imperial Custom House at that place, without further investigation, the amount of 500 Taels, and again this year the amount of 100 Dollars, for having presented so called false manifests, although it was never proved that in either of the two cases a falsification had actually taken place and the fine by itself is consequently not justified. I am now unable to continue negotiations on this base, but must protest altogether against the imposition of fines for false manifests, as the Prussian Treaty with China does not, like the English Treaty, make mention of false manifests.

Before, however, addressing the Tsung-li Yamēn officially on the subject of this claim, I would attempt to adjust amicably, if possible, the pending difference and for this purpose inquire of you if you would be disposed to refund to the firm of Messrs. Pasedag & Co. the sum of 500 Taels compulsorily raised two years ago, with interest, as well as the 100 Dollars recently levied.

The first one of the two cases having already been delayed for a long time, and Messrs. Pasedag & Co. intending to complain to my superiors, I would ask you to favour me with a speedy reply.

I have, etc.,

(signed) REHFUES,

*His Prussian Majesty's Envoy Extraordinary
and Minister Plenipotentiary.*

R. HART, Esquire,

Inspector General,

IMPERIAL MARITIME CUSTOMS,

PEKING.

INSPECTORATE GENERAL OF CUSTOMS,

PEKING, 26th December 1867.

No. 103
Special Series.

SIR,

1.—I have the honour to acknowledge the receipt of Your Excellency's despatch, having reference to Fines for False Manifests imposed on the Firm of Pasedag & Co. by the Maritime Customs at Amoy.

2.—The discrepancies between the cargo and manifest of the "Titania," leading to the imposition of a fine of 500 *Tael*s, having been shown to have originated in the carelessness of a Clerk, who, forgetful of the fact that the ship had touched at Singapore, presented a copy of the outward manifest drawn up at Penang, the port of clearance, the Amoy Customs have been instructed to return to Messrs. Pasedag & Co. the amount deposited as a fine.

3.—With regard to the second fine of 100 *Dollars*, I have not yet received any report on it from the Amoy Customs; but as it appears from the explanations given to me by Your Excellency, that there are circumstances connected with the case which might lead to the supposition that a vessel under the Prussian Flag had been invidiously singled out for the imposition of a penalty, the Amoy Customs have been likewise instructed to return to Messrs. Pasedag & Co. the fine of one hundred dollars said to have been thus inflicted on a Prussian ship.

4.—The presentation of import and export manifests is a matter of much importance to the Customs, and assists greatly in the collection of Maritime Revenue; their non-presentation would occasion serious inconvenience, but their presentation without any step taken to ensure their correctness, would give rise to endless confusion, and would necessitate on the part of the Customs such an amount of care and minuteness in the examination of every parcel shipped or landed as would press much more heavily on merchants generally, than the rigorous application of even unusually severe penalties for false manifests.

5.—Without entering upon the question raised as to the right to fine, I beg to state that I have moved the Tsung-li Yamén to request Your Excellency to notify to all concerned,—as was done in 1863, under similar circumstances, by the United States' Minister,—that, in respect of the presentation of manifests, the treaty obligation shall

be interpreted by the more specific provisions of those treaties which prescribe a fine for false manifest. As it is about to be made a rule at every port that Bonds, and not money, shall be deposited in disputed cases, I trust that Your Excellency will not see any difficulty in issuing a notification of which the object is, on the one hand, to protect the Revenue, and, on the other, to facilitate the transaction of shipping business—for, if incorrect manifests cannot be severely punished, the Customs, in the interests of the Revenue, will be forced to search every package that comes or goes.

I have, etc.,

(signed) ROBERT HART,

Inspector General of Chinese Maritime Customs.

HIS EXCELLENCE

Mr. DE REHFUES,

*His Prussian Majesty's Envoy Extraordinary
and Minister Plenipotentiary,*

PEKING.

*MEMORANDUM:—Relative to a fine for false manifest, paid by the
Hamburg Brig "Titania," at Amoy, in October 1865.*

1.—Can the Prussian Authorities be called upon by the Chinese Government to fine Prussian Vessels for presenting false manifests?

A.—Mr. Pasedag, the Prussian Vice Consul at Amoy, argues that Prussian Vessels cannot be fined for false manifest, and appeals to the 13th Article of the Prussian Treaty, in support of his opinion.

That Article reads: "le capitaine . . . devra se rendre au Consulat et y déposer . . . une copie du manifest . . . le Consul enverra au chef de la Douane une note indiquant . . . la nature de son chargement," Mr. Pasedag points out that the treaty makes no mention of a punishment, and maintains that the Chinese Government has therefore no right to claim that Prussian vessels shall be fined for false manifest.

B.—The Chinese Government, on the other hand, holds that it can call for punishment by a fine in such cases, and it bases its view on the following argumentation.

An independent State has the right to exercise such sovereignty in its own territory as has not been parted with by compact; in virtue of that sovereignty, its right to legislate is unimpaired (except when and in so far as surrendered by compact), and its judicial authority is co-equal with its legislative right.

China, as an independent State, has the right to legislate, and the power to act judicially, within her own territories, in all matters in which she has not bound herself by express stipulation to the contrary. China has legislated on the subject of manifests, and has made foreign States acquainted with such legislation, by more or less fully referring to manifests in treaties with them. Originally, China's right to legislate and act judicially in the matter of manifests was uncontrolled and free, but, having in her treaties with England (1855) Denmark (1863) Holland (1863) and Spain (1864) defined the punishment for false manifest to be a fine of five hundred taels, she has thereby, by fixing an amount, limited her power to act judicially.

On the other hand, in her treaties with Prussia, France, and the United States, China has not gone beyond the point of affirming that manifests are to be handed in; thus, with Prussia, for example, China has not entered into any compact limiting either her right to legislate or her power to act judicially in all that concerns manifests, and, if there were not treaties in existence other than that with Prussia, China, within her own territories, would be free to prescribe whatever form she pleased for manifests, and fix upon whatever punishments she thought fit for false manifests.

Inasmuch, however, as there are other treaties in existence defining and limiting China's rights in the matter, and inasmuch as the Prussian Treaty contains the "most-favoured nation" clause, it may be conceded that it follows that Prussian vessels, in respect of manifests, are entitled to be on as good a footing in Chinese ports as the vessels of other countries: that

is to say, that, in the event of a presentation of a false manifest, a Prussian vessel is not to be called upon to pay a heavier fine than a vessel belonging to one of those countries in whose favour China has limited her judicial powers in respect of manifests.

In her own dominions China, like any other free and independent State, claims to have the right to do whatever she has not undertaken not to do, and cannot agree to the doctrine that, in her own dominions, she is debarred from doing all that other Powers have not expressly stated she is at liberty to do.

China therefore maintains that she has the right to call upon Prussian vessels for a fine when false manifests are handed in. (*N.B.*—Some years ago the U.S. Minister notified U.S. citizens that false manifests entailed fines).

2.—Did the “*Titania*” present a false manifest?

There can be but one reply to this query: the “*Titania*” *did* present a false manifest,—that is to say, she discharged sundry goods in excess of the quantities entered in the manifest, and, in respect of certain other descriptions of cargo, she discharged less than the manifest stated her to have on board.

3.—Can any reason be adduced why the “*Titania*” ought not to be fined?

Originally, at Amoy, Mr. Pasedag, the consignee, said the discrepancy was the result of a clerical error; the Customs could easily have accepted that explanation, had there been only one or two such discrepancies, but when there were discrepancies in almost every item of merchandise of which the cargo consisted, the allegation of a “clerical error” did not seem to suffice.

Subsequently, Mr. Pasedag, forwarded to Peking the export manifest drawn up at Penang, with an explanation that a copy of it had been presented as the import manifest at Amoy; the vessel had touched at Singapore, and it is to be presumed that some of the Penang cargo had been landed, and some additional cargo taken on board at that place, so that the turn-out of the cargo at Amoy naturally differed from the account of it as drawn up after leaving Penang. The extent to which the revenue might have been defrauded was trifling, and the *foreign consignee* might therefore be cleared from all imputation of intended fraud; but while it remains

a fact that the manifest handed in was false (in the sense of being incorrect), it may likewise be asserted that the Chinese charterers, who handed in the accounts of cargo to Mr. Pasedag to be sent to the Custom House through him as consignee,—a kind of people whose gambling propensities lead them continually to risk much to make a little,—might have intended to attempt a fraud upon the revenue, and, at all events, the irregularity demanded notice, and the explanation “clerical error” tendered on the spot was not sufficient to convince the official responsible for the protection of the revenues, that it ought to be allowed to go unpunished.

Since
thought
best to
remit in
full. R.H.
31.12.67.

I should not hesitate to advise the Chinese Authorities to remit the greater portion of the fine, but I could not advise them to return it in full—much less pay it back in full with interest.

4.—I should state, in conclusion, that the amount paid as a fine under protest has never been passed to the public account, and that it still remains in the office at Amoy, the disposition of it awaiting orders from Peking.

5.—I am unacquainted with the particulars of the other case in which Mr. Pasedag was fined one hundred dollars, and I therefore can make no further remark concerning it than that made above respecting the general question of punishing false manifest by fine.

(signed) ROBERT HART.

PEKING, 5th December 1867.

National Partizanship: Customs Officials instructed not to display.

INSPECTORATE GENERAL OF CUSTOMS,

No. 53

PEKING, 26th December 1867.

Amoy Series.

SIR,

1.—I enclose for your information, and in order that you may have the opportunity of giving me for the Tsung-li Yamén such explanations* as you may consider called for, copies in Chinese and English of a despatch addressed to the Yamén lately by the Prussian Minister.

2.—My own suspicion as to the origin of this complaint, is, that an Englishman and a Prussian violated a rule in company,—that the Englishman was then transgressing for the first time, and the Prussian for perhaps the tenth or twentieth,—that, finding it impossible to overlook the offence of the old offender, you were equally unable to avoid punishing the new one,—and that you may have remarked to the new offender, that he would not have been punished had he not sinned in company with the old offender.

3.—Whatever may be the right version of the occurrences that have led the Prussian Minister to take such a serious step as that resorted to in addressing an official complaint in such language to the Tsung-li Yamén, I consider it my duty to call your attention to the extreme impropriety, in such a service as ours, of indulging in any language calculated to evince national partizanship of any kind or of taking any action tending to lead either the public or individuals to suppose that the foreign employés of the Chinese Government are actuated by any desire to advance unduly the interests of one, or oppose and obstruct those of another country. We are even debarred from such liberty of speech as native Chinese officials may be held to possess, for our foreign origin lends a colouring to language which it does not bear when issuing from the mouth of a native. Under the very peculiar circumstances in which we are placed, our only safe guide is to take the Chinese expression 中外 for our motto, and remembering that we are of the 中 class let all foreigners be of the 外 class, and let them be viewed, talked of, and treated without difference or distinction of any kind: the individual who serves on the strength of a cosmopolitan establishment, and who yet cannot refrain from partizanship in word

*N.B. Put
your ex-
planations
into
Chinese, if
you pos-
sibly can.
R.H.

and deed, is certain to be the originator of complications that cannot but cause much trouble to the head of such an establishment, and much worry to its friends and supporters.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

J. ALEX. MAN, Esquire,
Acting Commissioner of Customs,
AMOY.

Confiscation of Goods claimed to be Passengers' Luggage. Duty
of Commissioner to keep Taotai informed.

INSPECTORATE GENERAL OF CUSTOMS,

No. 61

Amoy Series.

PEKING, 27th December 1867.

SIR,

1.—I duly received your despatch No. 60 of the 27th September last, reporting upon Tseng Taoutae's action, in connection with the seizure and confiscation of certain goods found on board the Siamese bark "Cruiser."

2.—It appears from your despatch that the "Cruiser" arrived from Siam on the 24th of July,—that some of the passengers, leaving their luggage on board, hurried into the country to see their friends, on the 25th,—that the luggage left on board, some forty packages in all, was landed, and duty collected in the usual way on the dutiable articles contained therein, on the 26th,—that the Tidesurveyor was then informed, in reply to his enquiries, that the last package of personal effects had left the ship,—that the same day a search ordered by the Commissioner resulted in the discovery in the Supercargo's cabin of 8 cases containing Birds' Nests, Rhinoceros', and Deers' Horns,—that the Supercargo at first declared the cases to be part of the cargo, but afterwards, when asked if they were manifested, said they were private luggage,—that the Captain

disclaimed all connection with the affair,—that, on the 28th, the Haikuan, already made acquainted with the facts as above, was petitioned by the Chinese Merchants, and thereon wrote to the Commissioner “to investigate the case and give just effect to the provisions of the Treaty,”—that on the 30th the agents of the ship requested that the Commissioner would settle the case by the imposition of a fine,—that on the 1st August, the Commissioner officially advised the Haikuan that the goods ought to be confiscated,—and that on the 3rd August the confiscated goods were sold by auction for \$1,017.56.

3.—Such being the facts of the case as reported by you, I proceed to remark upon the Commissioner’s action in deciding upon the confiscation of the goods.

4.—The packages contained either cargo or private effects. If cargo, they ought to have been manifested, and, if not manifested, the vessel was liable to fine; if containing private effects they were subject to such examination as the Customs might choose to make, but, so long as left on board the vessel, they do not appear to me to have been seizable, their contents not being of the nature of prohibited articles. If cargo is that on which a ship earns freight, then the packages in question according to the custom of such vessels, might or might not be held to have been of the nature of cargo; if not of the nature of cargo, the vessel could not well be held liable to fine for failing to enter them in the manifest; but the contents prove that the packages were not of the nature of private effects, in the sense of “luggage,” and it would therefore seem that the owners had it in contemplation both to save freight, and avoid payment of duties. Here however, it is to be borne in mind, that the vessel concerned is one of a class, which, engaged in Straits’ trade, does business in a manner that differs materially from that for which we look for from vessels coming, say, from Europe, and that, for the protection of the Revenue, the Chinese Customs must look rather to the vigilance and activity of the executive, than to those rights of seizure and confiscation, which, argued out from legal definitions and technicalities, have assumed that fixed and formal character so binding under other circumstances. It would seem to me, then, that the view taken by the Commissioner was simply to the effect that the presence of dutiable articles in considerable quantity, which, originally not entered in the manifest, were claimed eventually as private luggage, when discovered, was an occurrence for the irregularities in connection with which the owners of the goods, and not the ship, were to be held responsible, and that the proper step to be taken would be one which would

Besides, every signature of one's name contains in it something of the nature of a contract, and the power of that signature, as well as its liabilities is, of course, to be read and interpreted by the special nature of the contract implied.

Further, by English and American law, and indeed, I believe by all continental law too, the Endorser, even when properly so called, is not liable, provided he annex to the endorsement the words "without recourse."

10.—I have accordingly to express the hope, that, on a reconsideration of the point at issue, you will no longer hesitate to carry out the instructions of this Office, should it be necessary again to issue such to your address.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

G. H. FITZ-ROY, Esquire,
Commissioner of Customs,
SHANGHAE.

Domestic Loans secured on Customs Revenue: Commissioners to sign Bonds as Registrars without recourse.

INSPECTORATE GENERAL OF CUSTOMS,

No. 19.
Shanghae Series.

PEKING, 23rd January 1868.

SIR,

1.—In my despatch No. 18 of yesterday's date I stated that I was momentarily in expectation of the arrival of the Yamén's instructions, relative to a Loan about to be raised at some of the Treaty Ports.

2.—I have now to inform you that those instructions have been since received by me, and, while I learn from them that the amount of the Loan is to be in all a Million of Taels, and that the Customs *Ts. 1,000,000* at Canton, Foochow, Ningpo, Hankow, and Shanghae are to contribute to its repayment in the following proportions:

Canton	200,000 taels;
Foochow	200,000 „ ;
Ningpo	350,000 „ ;
Hankow	100,000 „ ; and
Shanghae	150,000 „ ;

I am besides directed to instruct the Commissioners of Customs at those ports to affix their official seals and signatures to the promissory notes to be issued, to the respective amounts stated, by the Customs' Officers named.

3.—Calling your attention therefore to my Circular No. 11 of 1867, and to my despatches Nos. 76 of 1867 and No. 18 of the 22nd instant, I have now to inform you that the Superintendent of Customs at Shanghae has been directed by Imperial Decree to issue promissory notes to the extent of one hundred and fifty thousand *Ts. 150,000* taels, as the quota of the loan referred to, to be repaid by the Shanghae Customs, and, in accordance with the orders issued for my guidance by the Tsung-li Yamēn in obedience to the same Decree, I have further to instruct you to affix your seal and signature to the promissory notes to be presented to you for that purpose, and to the amount named, viz: one hundred and fifty thousand taels, *Ts. 150,000* by the Superintendent of Customs.

4.—You will have the goodness to set apart in your Office a book specially intended for the registration of all promissory notes to be issued in connexion with such Governmental Loans, and, commencing with those to be handed to you on the present occasion for countersignature, you will enter in that Register of Promissory Notes the particulars of each Note registered, beginning from No. 1 and proceeding in consecutive series, specifying the Chinese character marking the category under which the note is numbered, as well as its number, in the Superintendent's own office, and giving the date of registration, and amount represented by the note in question.

5.—To any one questioning you as to the meaning of your signature, you will reply: that you have placed it there by order, to certify to the fact that the note, which bears it, has been signed by you in accordance with instructions received through the Inspector

General, and to shew that it is that one, whose number it bears, in a series of notes, issued as the quota of repayment of a Governmental Loan to be provided for by the Customs at your port,—that it has been registered under that number and for that amount in the official Register in your Office,—and that the security for the acquittal of the promise to pay is an Imperial Decree, in which the Tsung-li Yamén was ordered to direct the Inspector General to instruct the Commissioners of Customs to register and countersign the notes to be issued, on account of the Loan concerned, to the amount indicated; and you will further state that you sign simply as Registrar, and that your signature neither carries with it nor implies any personal liability.

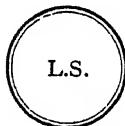
6.—In order to guard the better against the idea of there being any liability undertaken by you in connexion with the endorsement, I have to instruct you to sign as follows:

Governmental Loan No. 1 of 1868 for *Tls.* 1,000,000.

Shanghae Quota: *Tls.* 150,000.

Note No. (1) for *Tls.* 10,000.

Registered.



(signed) A. B.

Commissioner of Customs,
As Registrar and without recourse.

OFFICE OF CUSTOMS,
SHANGHAE 1868.

7.—In addition to issuing the instructions which precede, I am further directed to request that you will give your best assistance to your Brother Officers, the Local Officials, in the action that they take to raise this Loan, in order that they may be enabled to procure the money with the least delay, and at the lowest rate of interest possible.

8.—I should add, that the promissory notes before being registered and countersigned by yourself ought to bear the official seals of the Governor General of the Two Kiang, and the Superintendent of Customs at Shanghae, and that they should be

forwarded to you thus duly sealed, for registration and counter-signature, in an official despatch to your address from the Superintendent of Customs.

9.—You will please to acknowledge the receipt of this despatch by the first opportunity.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

G. H. FITZ-ROY, Esquire,
Commissioner of Customs,
SHANGHAE.

Despatch from Sir Rutherford Alcock to Lord Stanley, on Hart's
plans for use of Tonnage Dues.*

PEKING, June 4th, 1868.

MY LORD,

Referring back to my despatch No. 20 of the 23rd February 1867, enclosing a memorandum of Mr. Hart's on the arrangements in contemplation for the appropriation of the Tonnage Dues for the improvement of the navigation of the coast and approaches to the Treaty Ports, I have the honour to enclose a copy which that officer has placed in my hands of a Circular† recently issued from the Inspectorate General of Maritime Customs to the officers of that Department on the same subject.

Some impatience having been manifested at several of the Ports, and more especially at Shanghai at the tardy process of works in the erection of Lighthouses, etc., I referred to Mr. Hart for some further information as to the progress actually made, and the measures adopted in the interval for securing an efficient working Department of Engineers in connection with the Maritime Inspectorate.

* I.G. Cir. No. 10 of 1868, *antea*, vol. i, p. 86.

† F.O. 17/498: Alcock to Stanley, despatch No. 136.

The inclosed was the result, and I am disposed to think the document affords very satisfactory evidence that every exertion is being made to ensure the effective lighting and buoying of the different points with all the speed compatible with good work and the deliberation necessary to prevent mistakes of a disastrous kind in the choice of sites, or want of combination and system under competent professional direction and advice.

I have had under my eyes further evidence that Mr. Hart, through his agent in London, is in communication with our own Hydrographic Department in the Admiralty for all necessary information, and is in fact working out a scheme which has been in part suggested by it, and is fully approved by the head after careful collation of information from every source.

Under these circumstances I have not felt called upon to act upon the suggestions contained in many of the Memorials, with a view to take the work out of the hands of the Inspector of Customs, or to put the whole of the Tonnage Dues and their application under the control of a Commission. The funds, seven tenths of the whole Tonnage Dues, have been placed at Mr. Hart's disposal for this work, and as he has combined the engineering work with the Customs Administration, there is a saving of expense of far more than the three tenths withheld to be applied to the Foreign Colleges; and a far greater degree of efficiency than could be secured by any other scheme, even with a great increase of outlay. Of course so great a work as the lighting and buoying of fifteen hundred miles of coast and fifteen Ports cannot be carried on to its completion very rapidly, or so as to keep pace with the impatience of those who neither have any knowledge of the practical difficulties to be overcome, nor the preliminary labours to be undertaken. But neither would any other system that could be devised.

I have the honor to be, with the highest respect,

My Lord,

Your Lordship's most obedient, humble Servant,

(signed) RUTHERFORD ALCOCK.

THE RIGHT HONOURABLE

THE LORD STANLEY, M.P., etc., etc., etc.

Canton Viceroy institutes War Tax on Opium.

No. 80.

CANTON, 20th July 1868.

SIR,

I have the honour to enclose herewith copies of correspondence relative to the establishment, by His Excellency the Governor General, of Customs barriers in the neighbourhood of Hongkong and Macao for the collection of the War Tax on opium, as well as a copy of a proclamation issued by His Excellency the Governor General in reference to the same. As far as I can find His Excellency has organised this system without specially consulting with His Excellency the Hoppo.

As the following remark "After examination and payment of War Taxes, stamps will be affixed to the opium, which may then be taken to its place of destination without being subjected to other exaction of duty," in the first despatch seemed to be vague, I asked for explanation, which is given in the despatch at hand to-day.

The Hongkong papers state that a Chinese named Ho Aloy has opened an establishment at Hongkong, where he issues under the authority of the Governor General, permits for the importation of opium upon the payment of the War Tax, and they consider that such establishment will interfere much with the welfare of the colony.

I am, etc.,

(signed) G. B. GLOVER,

Commissioner of Customs.

ROBERT HART, Esquire,

Inspector General.

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 7th September 1868.

No. 36

Canton Series.

SIR,

1.—I duly received your despatch No. 80 of the 20th July last, relative to the establishment of special Tax-offices at commanding points in the vicinity of Hongkong, and enclosing copies of correspondence between yourself and the Hoppo, and the Governor General's Proclamation on the subject.

2.—The peculiar position and extraordinary privileges of Hongkong, all of which combine to give special facilities to traders that resort there to defraud the revenue, form sufficient excuses for any measures that the Chinese authorities may take, within the bounds of legality, for the protection of the revenue and the prevention of smuggling, and this point, I observe, is conceded by both Minister and Consul. The measures devised by the Governor General and now initiated, ought, if given full effect to, to make it impossible for Chinese craft to approach or leave Hongkong without being stopped by the officials in charge of the special offices; but however effective, the measure is one which must give great umbrage to the Colonial authorities and dispose them to make matters unpleasant for the Canton officials when opportunities occur.

3.—In one point I consider the new system highly objectionable. As it now stands, it offers a premium to all opium that evades the Treaty ports. Opium paying Tls. 16 a chest at the new offices is to be protected in going into the interior at all non-treaty points; whereas opium arriving at Treaty ports must pay a Tariff duty of Tls. 30 a chest. As this legislation will have a very damaging effect on our Customs' revenue, I am now bringing it officially to the notice of the Yamén, and propose that, as the scheme is one that can be made effective, the Governor General be called on to collect and pay for the Customs' Authorities Tls. 30 for every 16 taels collected at the points in question. I shall again communicate with you on this subject.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
CANTON.

Duty of Commissioner to keep in close touch with Superintendent
and with Mercantile Community.

INSPECTORATE GENERAL OF CUSTOMS,

PEKING, 19th August 1868.

No. 67

Shanghai Series.

SIR,

1.—The post of Commissioner of Customs at Shanghai having become vacant by the resignation of Mr. Fitz-Roy, subsequently deceased, I have made selection of yourself to fill the appointment, and it is with much pleasure that I now notify you of the same, and authorise you to assume charge. As Commissioner of Customs at Shanghai, you will be entitled to draw pay at the rate of Nine thousand Haikwan Taels a year, from the date on which salary ^{Tls. 9,000} ceased to be issued to you at Foochow.

2.—Your acquaintance with my views generally, and with the duties of a Commissioner as gained by personal experience at several of the more important ports, make it unnecessary for me to write any lengthy instructions for your guidance, and I therefore content myself with reminding you, first, that it is my wish to see business conducted in such a way as shall give every legitimate facility to the mercantile communities at the ports, and in that way foster, in so far as the affording of such facilities is calculated to foster, the efforts of commerce, and, secondly, that I am anxious for the cultivation and preservation of intimate and friendly relations between your department and all officials, foreign and native. It occurs to me, too, to hint to you the advisability of becoming personally acquainted with the leading Chinese merchants and gentry, just as you will with the foreign residents at Shanghai.

3.—During the last three years, the Shanghai Office has been under the charge of gentlemen unacquainted with the Chinese language, and I understand that there has consequently been but little intimacy or cordiality between the Superintendent and Commissioner, and that the public has, on the whole, rather suffered than been benefited by the coolness and separation which must naturally have grown up between men who could not converse together, and who therefore rather shunned than sought for opportunities of meeting. I think it right to call your attention to this point, and to request that you will see the Superintendent more frequently than your predecessors have been wont to.

4.—In order to the acquirement of a better acquaintance with mercantile wants and mercantile views in respect of Customs' rules and practice, I have invited the Shanghai Chamber of Commerce to correspond with me on all matters of interest connected with the working of our department, and have requested that the Commissioners of Customs may be from time to time communicated and consulted with. The Chamber has received my invitation in a sufficiently friendly manner; a copy of my despatch is herewith forwarded to you; and I now acquaint you with the fact for your guidance generally.

5.—Before introducing changes of any kind in the office, you will please to communicate with me; and it will be well to remember, that it may be prudent to await the termination of the negotiations now going on at Peking before attempting any innovations.

6.—Having every confidence in your prudence and capacity, I need say no more, and have only to add that the enclosed despatch for the Superintendent notifies your appointment.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAI.

(Enclosure in above despatch.)

Desirability of Friendly Relations between Customs and Merchants.

INSPECTORATE GENERAL OF CUSTOMS,

No. 86

Special Series.

PEKING, 20th July 1868.

SIR,

1.—I beg to invite your attention to the contents of the despatch now addressed to you, and which has reference to matters of common interest.

2.—I desire to be permitted to take advantage of the assistance of a Mercantile Representative Body, to ascertain, from time to time, the views of the communities at the ports, on all matters affecting the interests in connection with the working of the Customs' Department, and on such subjects as may seem to be of a kind in which the assistance of that Department might be calculated to be productive of good results or mutual benefit.

3.—The doings of the past ten years make it evident that there exists an identity and not antagonism of interest, and in the exceptional state of affairs in China, experience suggests that those identical interests can be best furthered by a mutual good understanding, and by common conference in respect of measures that affect them. That the country should enjoy tranquility, is of as much importance to the mercantile body as to the government itself; that treaty stipulations should be understood and adhered to, is just as conducive to the welfare of the Government, as to the prosperity of the merchant; that there should be method in the collection of revenue, and regularity in the administration of revenue matters, is just as necessary to the transaction of the merchants' business, as to the proper performance of their duties by Customs' officials; and that there should be a mutual good understanding contributes just as much to the success of those who have to act, as it does to the protection of those who are acted upon. The discussion of measures affecting the general tranquility of the Empire, and the interpretation of treaty rights and enforcement of treaty stipulations, are, of course, matters that concern more immediately the responsible authorities, but the every day work of taking action under treaties, and of giving effect to their commercial stipulations, brings the Customs' Department and Mercantile public into such constant and intimate contact, that it would be folly to ignore the effects that our action and bearing have on each other, while it would be wise to attempt, through the medium of a common good understanding, and by mutual communication in respect of each other's requirements or responsibilities, to provide for the arrangement of a relation between action and result, so that action may be effective and result harmless.

4.—The Foreign Inspectorate of Customs has now become an integral part of the Revenue Administration of this country; its offices are at every treaty port, and its members form the executive in the collection of dues and duties accruing on foreign trade, and in carrying out rules and regulations therewith connected, and affecting both foreign and native merchants. Cosmopolitan in its composition, it affords to every treaty power the security that the

interest of one power will not be attempted to be advanced at the expense of another, and procures for each member of the cosmopolitan communities at the treaty ports the same treatment that all others receive, and thorough impartiality; paid by the Chinese Government, it ensures for it the full collection of Maritime Revenue, and the proper observance of established rules. Ports, however, differ in their requirements, and, with changing times, come changing circumstances: a new sort of action has to be taken here,—a novel measure introduced there,—and a regulation rescinded, altered, or added to at a third place; every such event affects the mercantile community at the place, and re-acts upon the Customs Establishment. Looked at from the Customs' point of view, a rule may appear logical and unobjectionable, but viewed from the side of the merchant, it may be uncalled for and mischievous; from the mercantile point of view, a certain measure may seem to be demanded by the circumstances, while, to the Customs, it may, for adequate reasons, appear to be altogether impracticable. It is thus evident that many of the rules that have to be acted on by the Customs' Department, and which are to be observed by the Merchants, will be all the better for some preliminary ventilation, so that their object may be intelligible and action under them easy, before being determined on, or given effect to; and in the case of rules once resolved on, a common understanding may go far to promote the interests of both sides, by making the rule effect its proper object on the one hand, and, on the other, by preventing it from pinching unnecessarily, or becoming mischievous in its operation.

5.—Apart from mere Customs' rules, there are many matters of greater importance, but all more or less connected with the Foreign Inspectorate and its working, in respect of which an understanding between the Inspectorate and the public, or at all events, the means of arriving at such an understanding, would appear to be calculated to be productive of good results. Thus, in respect of the conservation and improvement of Harbour approaches, lighting of the coast, pilotage, etc., etc., etc., it must be apparent that the action of the Inspectorate would be easier, if understood and approved of by the public, and that public interests and public wishes could be more easily furthered and complied with, if there were such a recognised medium for the communication of them to the Inspectorate. In these and other affairs, the interests of both public and Inspectorate are identical: it is to the interest of the public that all necessary work shall be done, and done well, and it is to the interest of the Inspectorate to see that work is

necessary before it expends public funds on it, and to carry out, in the best and most enduring manner, whatever work enquiry has demonstrated to be really called for.

6.—It is with these and kindred thoughts, in my mind, that I now address you, and through you, the Chamber, in the hope that a result may be secured conducive to the public good.

7.—I have, of course, had the opportunity of learning the views of the Chamber and the communities at the ports, as put forward in respect of questions connected with the expected revision of the treaty, and, as a member of a Commission engaged upon preliminary enquiries into the feasibility of, and best way of giving effect to such suggestions, I am pretty well acquainted with all that has of late been proposed, and can answer for the care with which each proposal has been considered and discussed. But, in the daily life of each community, events occur and cases arise, which call for immediate action and settlement, and cannot await treaty revision, and it is with reference to them—to current business, so to speak—that I am more especially writing. In its Consuls at the ports, and Ministers at the capital, the public is already provided with the machinery for making known its wants, guarding its interests, and settling its affairs with the Chinese Government, and it is therefore no wish of mine to volunteer for the performance of the duties of others, or to interfere in work that does not concern me; still, Consular and Ministerial functions, no matter how well defined, leave room, occasionally and at some points, for the employment of, and resort to other agencies. In appealing to you, therefore, I am simply desirous of initiating a state of affairs, in which a public Service, the Foreign Inspectorate, may be so placed in communication with the public,—and, more especially with a recognised representative of the public, your Chamber,—that it, acquitting itself of its responsibilities to the Chinese Government on the one hand, may, on the other, be, at the same time, the better able to aid, and, as a public servant, do its duty by, the mercantile communities in this country.

8.—Hitherto my time has been chiefly devoted to the formation of the Service, and the establishment of offices at the ports, and, so employed, I have delayed to place myself in communication with your Chamber; the instructions issued to subordinates in charge of offices at the ports have, however, been throughout dictated by the same idea that runs through this despatch:—to remember that mercantile and Customs' interests are not antagonistic,—that restrictive legislation must be as little as possible resorted to, that advantage should be taken of every opportunity to develop

the resources, and foster the expansion of each locality, that the transaction of business should be simplified to the utmost possible extent, that the movements of shipping should be expedited, and mercantile operations facilitated, and that the best way to aid the growth of revenue is to foster the growth of trade. In respect of pains and penalties, I have always advocated the utmost publicity, and full and fair enquiry before condemnation, and I have ever objected to the withdrawal of capital from active circulation by unnecessarily heavy fines or confiscations. The difficulties of managing a growing cosmopolitan service, and of serving a government whose views have been diametrically opposed—not for opposition's sake, but from the working of old ideas—to my own, have fully occupied my hands for years back. An opportunity is now presented, of which I gladly avail myself, contemporaneously with possible changes in connection with a revised treaty, and succeeding the formation of the Customs' establishments at all the ports, to do what I have long wished to do—to place myself *en rapport* with the mercantile communities, and by initiating personal communication with their representative, your Chamber, to provide for a future in which work may proceed satisfactorily, misunderstandings be prevented, and general interests be subserved and promoted.

9.—I have, therefore, to request that you will permit me to avail myself, through you, of such information and advice on specific points, as I may, from time to time, desire to obtain, and that your Chamber will, in the same way, do me the favour of addressing on any subject on which it may wish me to be informed, and of making such suggestions as it may think calculated to be of general or particular utility. I have also to request that, the Commissioners of Customs may be communicated, consulted, and advised with, at the ports, as times and circumstances may seem to require.

10.—I have written an identical letter to the Hongkong Chamber and shall send copies to the Commissioners of Customs for their information and guidance.

I am, etc.,

(signed) ROBERT HART,
Inspector General of Maritime Customs.

THE CHAIRMAN OF THE SHANGHAI
CHAMBER OF COMMERCE,
SHANGHAI.

True copy, (signed) AUG. WIETERS,
Acting Secretary.

Vessels Cleared on Guarantee before full payment of Duties.

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 22nd August 1868.

No. 70

Shanghai Series.

SIR,

1.—Having reference to my Circular No. 17 of 1868, I now enclose copy of a letter which I have addressed to the Chambers of Commerce at Shanghai and Hongkong on the subject of vessels cleared on guarantee. From the last paragraph you will perceive that I have suggested to the Chamber to depute some of its members to call on and consult with you.

2.—I now write to direct your attention to the main points to be kept in mind:—

- 1°. The guarantee must promise payment within so many days.
- 2°. Guarantees are not required except for steamers, and then only in respect of Import and Coast Trade Duties. Tonnage dues ought to be paid when bulk is broken, and Export Duties before or simultaneously with shipment of goods.
- 3°. The guarantee must be of a kind which shall secure the Revenue against loss, and which shall likewise secure the Commissioner who accepts it from all personal liability.
- 4°. The best plan to be adopted will be that which shall give the least trouble to the merchants, and afford the greatest security to the Customs.

3.—You will bear in mind that no plan is to be definitively decided upon until after reference to and approval by myself; nor is your reply to this despatch to serve as the Chamber's answer to the communication separately addressed to its Chairman.

I am, etc.,

(signed) ROBERT HART,
Inspector General.

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAI.

(Enclosure in above despatch.)

Clearance of Vessels on Guarantee before full payment of Duties:
Inspector General's views.

INSPECTORATE GENERAL OF CUSTOMS,

No. 100

PEKING, 24th August 1868.

Special Series.

SIR,

1.—Before proceeding to take advantage of the Chamber's willingness to favour me with its views and advice on such points as I may desire to put before it, I have to express my thanks for the readiness with which the proposition mentioned in my despatch of the 20th ultimo, has been responded to by the Chamber in its letter of ^{6 inst. (Shanghai)}
_{26 inst. (Hgkgs.)} which has been duly received by me.

2.—The various treaties provide that Consuls shall hold ship's papers until the receipt of the Grand Chop, and that arrangement, in so far as it affords the fullest security to the Customs' Authorities for the payment of all dues and duties before the departure of vessel, is, from the Customs' point of view, satisfactory and without fault. On the other hand, the rule is one which owing to its tendency to detain vessels, especially steamers, several days in port after they have discharged and loaded, is not unnaturally regarded by ship-owners as mischievous and damaging. The difficulty has however to a great extent been met and obviated by the permission given by this Office some years back to Commissioners of Customs to accept guarantees, and issue Customs' clearances to enable vessels to obtain their papers and leave port. Some time back a case occurred in which a firm, whose guarantee the Commissioner held, failed, and the Commissioner and myself were thereon responsible for the payment of the duties involved; it then became necessary to reconsider the guarantee privilege, and, in subjecting it to rule, it was requisite that the rule adopted should be applicable at each port, and uniform in its application. As a tentative, I issued a Circular of which I enclose a copy, and I have since heard from the ports chiefly concerned that the rules proposed in that Circular would probably put a stop to the guarantee system, for while individual Commissioners would hesitate to undertake money responsibilities, Consular Officials would be equally unwilling to make themselves responsible in any further degree than that indicated by the treaty rule first referred to, and it has besides been

pointed out that the period allowed for payment of duties has been made too short, and that to have to obtain the Consular signature to each guarantee, where office hours are fixed, would be too likely to defeat the attainment of the object I had in view, viz: to facilitate the despatch of vessels, and give additional accommodation to shipowners, charterers, and consignees. I therefore desire to refer the guarantee question to the Chamber for its consideration, and have to request that it may be looked into in connection with my Circular, and that the points contained in the following paragraph may be kept in view, in any advice that may be subsequently tendered.

3.—If the treaty rule be adhered to, shipowners will be inconvenienced, and vessels, otherwise ready for despatch, will be subject to detentions extending over indefinite periods.

If the treaty rule be departed from, it must be in virtue of an arrangement under which the interests of the Revenue shall be secured, and neither Consular nor Customs' Authorities be subject to be called upon to make up deficiencies—deficiencies for which the vessel was liable while in port but in respect of which liability ended on clearance.

What then is to be the arrangement? After considerable reflection, the best that has occurred to me is that the Chamber of Commerce, as representing the interests chiefly involved—the interests to be damaged by adhering to, and to be furthered by departing from the treaty rule—shall itself undertake the responsibility of making good guarantees accepted by the Customs' Authorities for the payment of duties by vessels otherwise ready to clear. I do not, however, know to what extent the Chamber would be willing to accept such a responsibility, or in what way it would be able to proceed for its own safety against any voluntary or involuntary defalcant. Would the Chamber, for instance, back the guaranty of any and every man, or merely of such firms as are its members? And, if the revenue were threatened by any loss, would the Chamber at once make good the guarantee that had been accepted, or would it be necessary for the Customs' Authorities to await the conclusion of the action taken by the Chamber against the defalcant?

Furthermore, ought not the Guarantees to be limited in nature? That is to say, ought not the guarantee system to be confined to Steamers and have reference only to Import and Coast Trade Duties, and what ought to be the number of days fixed for the fulfilment of the promise? The security already possessed by the Customs'

Authorities in the treaty rule (the detention of the vessel) is ample, but the convenience to the merchant that will result from a declaration of that rule, would appear to be of sufficient importance to be worthy of the serious consideration of the Chamber, and calculated to move it to more than meet the willingness of the Customs to consult mercantile requirements.

This sentence is omitted in the Hongkong copy.

Final sentence, Shanghai, thus:

4.—If the Chamber will depute any of its members to call on the Commissioner at Shanghai, Mr. Dick, he will willingly consult with them as to the solution of the present difficulty, meantime, I shall be glad to receive from the Chamber an expression of its views, and I trust that whatever the Chamber may have to suggest or undertake, will admit of practical effect being given thereto.

Final sentence, Hongkong, thus:

I have addressed the Shanghai Chamber on this subject, but having reference more especially to the Southern ports, I shall be glad to receive from the Hongkong Chamber, etc. (see final sentence Shanghai).

I am, etc.,

(signed) ROBERT HART,

Inspector General of Chinese Imperial Maritime Customs.

THE CHAIRMAN OF THE
SHANGHAI CHAMBER OF COMMERCE,
HONGKONG

SHANGHAI.
HONGKONG.

*True copy, (signed) AUG. WIETERS,
Acting Chief Secretary.*

Letter from Mr. Hart to Sir Rutherford Alcock, on building of
Vessels in England for Marine Department.*

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 29th August 1868.

SIR,

Bearing in mind the publicity which attended the formation of the Anglo-Chinese flotilla in 1862, 1863 and the complications that its disbandment occasioned, I fear I should be wanting in the performance of my duty were I not to inform Your Excellency that three steam vessels are now being built in England for the Chinese Customs Service.

Two of these steamers are of 350 tons burthen and 86 horse power each, and the third is of 540 tons and 200 horse power. All three are for the Customs Department, and will be employed 1° to keep up communication with the Lighthouses; 2° to perform the ordinary duties of Customs cruisers for the protection of the revenue; 3° to render assistance to vessels wrecked or in difficulties along the coast; and 4° to assist in the suppression of piracy. They will, of course, be armed, but not very heavily; their crews will be composed mainly of Chinese, and they will be officered by a few Europeans not confined exclusively to any one nation in particular. Officers and men will be on precisely the same footing as the other members of this cosmopolitan Customs Service, and no national name, other than that of China itself, will be in any way involved in either the building or subsequent doings of the vessels referred to.

As it is quite possible that some persons may be led to believe that a National Force is being organised, and the British name pledged, I think it right to place Your Excellency in possession of the facts, in order that if necessary H.M. Government may be acquainted with the nature of what is being done and contemplated. Chinese agents are simply purchasing in the British market what that market is free to dispose of to all comers.

I have, etc.,

(signed) ROBERT HART,
Inspector General of C.M.C.

To H.E. SIR RUTHERFORD ALCOCK, K.C.B.

* F.O. 17/499: Enclosure in despatch No. 229, Alcock to Stanley, 11th September 1868.

S.S. "Dragon," involved in Collision, leaves Port without issue of
Customs "Grand Chop." Inspector General's handling
of case of Staff Discipline involved.

INSPECTORATE GENERAL OF CUSTOMS,

No. 36

PEKING, 4th September 1868.

TIENTSIN Series.

SIR,

1.—I duly received your despatch No. 35 of the 14th May last reporting that the "Dragon" had run down a junk, and that the Superintendent had directed you to withhold the clearance pending investigation.

2.—I am of opinion that, on the receipt of a written authority from the Superintendent, you would be but acting properly in giving effect to it and withholding the clearance, but I am again equally of opinion, that, in the event of the decision of the disputed question being in the vessel's favour, the Superintendent would be liable for demurrage, damages, costs of suit, and all losses traceable to the detention of the vessel.

3.—In the case in point, the retention of the Vessel's Register by the Consul forms a good precedent and is suggestive of the safest way of meeting any such difficulty. Whenever the Superintendent may wish to keep back a clearance, or cause any unusual detention, he ought at once to be told of his liabilities, and be prepared to take the consequences.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

No. 55

PEKING, 28th October 1868.

Tientsin Series.

SIR,

1.—I duly received your despatch No. 75, dated the 17th but docketed the 10th instant, reporting the accident caused by the "Dragon," and her departure without Customs' Clearance, and, in reply, I have now to inform you that the Yamén is writing to the Superintendent, instructing H.E. to refuse to admit the vessel, on return to Tientsin, to entry at the Customs. Unless therefore expressly authorised to do so by Ch'ung Kung-Pao, you will decline to accept the Import Manifest or issue permits for either discharge or shipment of cargo; passengers are not to be allowed to land, nor is any cargo to be allowed to be removed from the vessel. As regards the Consular report, should that document be sent to you on the "Dragon's" arrival, you will cause it to be returned to the Consulate, explaining that your instructions are that the vessel is not to be admitted to entry, and that, as she left without Customs' Clearance, the report of her return cannot be placed in its ordinary form among the records of your office.

2.—It will be well for you to see Ch'ung Kung-Pao at once, and arrange the various steps that you are to take for mutual support. The vessel should not be admitted to entry until the collision case is disposed of and a fine imposed for leaving the port without having provided for the settlement of dues and duties and without (or rather in the face of the Customs' refusal to issue) a Clearance.

3.—The steps you are to take are to be taken under the 41st, supported by the spirit of the 48th Article of the British Treaty.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

No. 56

PEKING, 10th November 1868.

Tientsin Series.

SIR,

1.—I am in receipt of your despatch No. 80 of the 7th inst., from which I learn that the case of the collision, in which four lives were lost, has been settled to the satisfaction of the local authorities by the payment of Four Hundred Dollars. It is not for me to take exception to the manner in which any such affair is arranged; the responsibility of making due enquiry into the cause of death does not devolve on me, and the right of deciding in such cases is by treaty given to non-Chinese officials. At the same time, I cannot congratulate those who have recommended or accepted such a solution, unless indeed it be true that full enquiry has shewn that the steamer was in no wise to blame,—that the unfortunate boat ran recklessly or foolishly into danger,—and that the money payment was a generous and charitable donation, cheerfully given by the steamer's owners, and expressive of their sympathy with the bereaved families of the men, whose untimely end had been caused by an accident, in which their vessel had the misfortune to be the blameless, but principal agent.

2.—The "Dragon" case had however two sides,—one being a collision on which the British Consul alone could adjudicate, and the other being, as reported in your despatch No. 75 of the 17th October, the vessel's action in leaving port before her accounts at the Customs had been closed, or the Grand Chop issued. It was for the vessel's action in the latter respect that the Peking Authorities decided not to admit her to entrance at the Customs on return to Tientsin, until such fine as might be considered locally proper had been levied.

3.—From the despatch now under reply I learn that claims for demurrage and loss of market will be urged, and also that a guarantee for the duties, remaining unpaid at the time the vessel wanted to clear, had been handed to Mr. D—, who neglected to report the fact to you. I am not surprised to hear that claims will be preferred, the more so as it now appears that a guarantee had been handed in, drawn up, I presume, in the manner usual with all steamers leaving Tientsin. The existence of a guarantee complicates the question of the action taken, and renders it necessary to procure full and precise information in answer to the following queries:

- 1°. Both Superintendent and Taotai wrote to the Consul requesting him to detain the steamer, on the 13th October. Did the Consul or Acting Consul in any way, whether by message or reply, acknowledge the receipt of those despatches, and, if he did, to what effect was his reply, what date did it bear, and when was it received?
- 2°. Did any other communications pass between the Consulate and the Superintendent on the 13th, 14th and 15th, after the writing of the first despatch and prior to the departure of the steamer, or were any visits exchanged, either in person or by deputy?
- 3°. When did Mr. X—— first address Ch'ung Kung-Pao relative to the "Dragon," and of what nature was that communication?
- 4°. Did any communications or messages pass between the Customs' and Consular Offices, whether between yourself and the Consul, or between the Clerks in the Offices, relative to the "Dragon's" clearance or duties?
- 5°. After the "Dragon" left, had you any communication with the Consulate on the subject of either collision or departure without clearance, and of what nature was it?
- 6°. Who handed the guarantee to Mr. D——? Was it given to him on the 15th, and, if so, was it handed in before or after the clearance was applied for, or before or after the "Dragon" left the anchorage? What did Mr. D—— do with the Guarantee? When did he first tell you of its existence? What caused him to neglect to hand it to you the day he received it?
- 7°. What is the practice of the Office in respect of steamers clearing before all duties are paid? Describe it exactly, and step by step.
- 8°. Ch'ung Kung-Pao visited the Consul after receiving the Yamen's instructions. Why were those instructions carried into effect after that visit? Did you know of the existence of the Guarantee before the "Dragon's" return?
- 9°. Did you talk over the steps to be taken, to Ch'ung Kung-Pao? Did he make no objection to their being taken after his visit to the Consul?

4. When answering the queries that precede, and supplying such information as you may consider calculated to support the action already taken, you will please to forward copies of the communications that passed between the Superintendent and the Consul, copy of the Guarantee handed to Mr. D—, and copies of any other documents bearing on the case. You will endeavour to make your reply to this despatch comprehensive in its details, as well as precise in its information.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

PEKING, 30th November 1868.

Tientsin Series.

SIR,

1.—I write to acknowledge the receipt of your despatch No. 38, forwarding Mr. D—'s explanation and defence of his action in the matter of the "Dragon's" clearance, and to inform you that Mr. D— arrived here last week and handed me in person the document in your handwriting which he had declined to send through yourself, and which he had referred to, in his letter to my address, as containing the answers you "suggested" to him to make in reply to my queries.

2.—From the enclosed Memoranda, you will learn all that passed between Mr. D— and myself at three interviews at which the Acting Chief Secretary, Mr. Wieters, was present. Regarding Mr. D—'s action in sending his explanations before he was asked for them, and in basing that explanation on a charge that imputes dishonesty to his immediate chief, yourself, as out of order, I have directed him to return to Tientsin, and, without expressing any opinion of my own on any of the points at issue, have simply said to

him that he has his choice between three things: 1° making such an explanation and apology to yourself as you shall consider quite satisfactory, 2° dismissal from the Service, 3° requisition for a Court of Enquiry. My further action in this matter, as regards Mr. D——, will be guided by the report you may make, in reply to this despatch, concerning the nature of the apology and explanation tendered by him to you.

3.—You will observe that Mr. D—— maintains his original assertion, but that he does not consider the plain and natural inference tenable; under the circumstances, I do not see how you can be satisfied with less than an absolute withdrawal of the statement, that the answer written by you to the fifth question is an answer that Mr. D—— had not made.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

*MEMORANDUM of explanations given by Mr. D—— at an interview
between the Inspector General and Mr. D—— this day the
27th November 1868.*

Mr. D—— handed to the Inspector General two papers, which he brought with him from Tientsin: the application for his leave to go to Peking countersigned "Leave granted" by the Commissioner of Customs, Tientsin, and the second, which turned out to be the original draft of the questions, which Mr. H—— put to Mr. D—— in the matter of the "Dragon's" clearance;—on the question of the Inspector General's, why Mr. D—— considered it necessary to come to Peking, Mr. D—— explained, that in this matter which affected him personally, he thought it advisable to make sure that all papers should actually reach Peking and not be subject to miscarriage or loss, if sent by couriers, instancing the late attack made upon the Customs' courier and the consequent risk of sending

important letters by the common courier; this consideration partly moved Mr. D—— also to despatch his own ma-fu with a duplicate copy of his despatch addressed to the Inspector General relative to the "Dragon's" clearance, he besides declaring, that, in handing the original to Mr. H—— at Tientsin, he was not sure that it would come to the hands of the Inspector General, if sent through the Commissioner, as soon as if sent by a special courier by himself. Mr. D—— admitted that he did not inform the Commissioner of his intention to send a duplicate despatch by his own ma-fu. The reason why Mr. D—— refused to give up to Mr. H—— the paper containing the questions and answers written by Mr. H—— himself, was that, Mr. D—— always considered it right, not to part with any paper of great importance to one's self, except to the person whom he destined it for. With regard to the questions written down by Mr. H——, Mr. D—— said, that he answered the first four questions to Mr. H—— in his own private office at Tientsin Customs and that Mr. H—— wrote down the answers given by Mr. D——, with a few unimportant or trifling alterations made, afterwards; when it came to the fifth question, Mr. D—— admitted that he was hesitatingly answering the same to Mr. H——, but that while he was in the act of answering that question and before, in fact, he had time to give any answer at all, he, Mr. D——, on seeing Mr. H—— engaged in writing an answer, stopped speaking; upon that Mr. H—— handed to Mr. D—— the paper, saying: "this would be about it," requesting him at same time to take leisure in answering these questions in writing. As soon as Mr. D—— had left the office and read what Mr. H—— had put down as purporting to be his answer to the 5th question, he, on seeing Mr. H—— on some other business, informed him that "it was *not* the custom to hand him the clearance papers," upon which Mr. H—— invited him to write down leisurely, and as he liked, the answers to all questions put, which was subsequently done by Mr. D——. As one of the reasons why Mr. D—— hesitated in giving a full and free answer to the 5th question, he mentioned, that it was from the wish not to offend the Commissioner any further, he having already reproached him publicly in the office for being the cause of getting the Commissioner into trouble, but that, besides not being allowed time enough to give the required explanation by word of mouth, he reserved to himself to give the full and true answer to that question in writing. With regard to the words used in his despatch to the Inspector General, "as suggested by Mr. H——," he meant to convey the meaning that he, Mr. D——, could not give truthfully with regard to the "Dragon's" case any other answer to the fifth question, but that which he has done in writing.

Mr. D—— further stated that ever since June or July 1868, on which occasion Mr. H——, being busy, told him to clear steamers without referring to him and interrupting him in his work, he (Mr. D——) as well as his fellow clerks in the office, cleared steamers and accepted Guarantees for Duties unpaid, without specially and in every instance informing the Commissioner of what was being done in the office with regard to these clearances.

Mr. D—— thought that the "grand chops" were applied for by the Shupans from the Superintendent and not by the Wei-yuen,— sometimes at the instance of the clearing clerks in office, but generally, it was found that the port clearance was in the office, when asking the Shupans for it, and that the Commissioner had never any occasion to write himself to the Superintendent with regard to "grand chops."

Mr. D—— further explained that on and after the 27th October, it has become and is now the custom, by special orders from the Commissioner, to hand all clearance papers to the Commissioner, but that previous to the 27th October it had not been the custom in the Tientsin office to hand clearance papers to the Commissioner.

(signed) AUG. WIETERS,

Acting Chief Secretary.

Mr. Wieters will procure Mr. D——'s written and categorical replies to the following queries: (*initialled:*) R.H.

1. Mr. D—— states that the answers written down to the first four queries by Mr. H—— were written after he, Mr. D——, had given his replies, and that, as regards the answer written down by Mr. H—— to the fifth question,—and which is an answer explaining *present* and not past practice,—it is an answer which he Mr. D—— had never made: does Mr. D——, on reflection, mean to assert that the answer which follows the fifth question in Mr. H——'s handwriting, is 1°. really an answer which he had not given,— 2°. is an answer quite the opposite of what he would have given, had he had full time to make his reply,— 3°. is an answer which suggests an untruth as regards the office practice at the time the "Dragon's" clearance was applied for?

1°. It is (*initialled:*) D.
2°. Not quite opposite, but very much differing. (*initd:*) D.

1°. Yes—
informal
but not
invalid.
(in'td.) D.

2°. Yes—
during this
time I saw
them hand-
ed in.
(in'td.) D.

3°. I believe
Bonds were
not shown,
but facts
mentioned.
(in'td.) D.

1°. I do not
know whe-
ther it is
now.
(in'td.) D.

2°. It has
not been
during my
time.
(in'td.) D.

1°. I meant
that espe-
cially the
fifth reply
originated
with Mr. H.
and was
given to me
by him to
serve as a
guide in
writing my
answers.
(in'td.) D.

2°. I do not
see that that
inference
necessarily
must be
drawn and
it never was
my inten-
tion to make
that charge
against him.
(in'td.) D.

3°. I sup-
pose Mr. H.
meant to
give them
to me as a
guide but
leaving it
optional
with me to
follow them
or not.
(in'td.) D.

2. Mr. D—— states that for some time before the "Dragon's" clearing was applied for, the printed forms of guarantees had not been made use of, and that notes from steamer agents such as that sent in by the "Dragon's" consignee had been accepted. Is it a fact 1°. that, before the "Dragon" case, several informal notes of this kind had been received as Guarantees, and 2°. that they were accepted, and clearance papers issued, without being shewn to Mr. H——, and 3°. never shewn to Mr. H—— at all except when there was a failure to pay within the time allowed ?
3. Before Guarantees are accepted, 1°. is it, or 2°. has it ever been customary for the Commissioner to write across them "accepted", or notify his acceptance of them in any way to the parties who tendered them ?
4. (1°.) Does Mr. D—— by using the word "suggest" wish the I.G. to understand that, in his opinion, Mr. H—— wanted him, Mr. D——, to accept and give as replies to the five queries, and more particularly as reply to the fifth, the words written by Mr. H—— himself ? (2°.) Is Mr. D—— aware that such an opinion would be tantamount to charging Mr. H—— with the intent to mislead the I.G. ? (3°.) And, if such be Mr. D——'s opinion, what does he suppose Mr. H—— meant by giving him the paper, and telling him to write his replies at his leisure and as he liked ?

The replies to the above queries were written in my presence.

(signed) AUG. WIETERS,

Acting Chief Secretary.

PEKING, 28th November 1868

True copy, (signed) AUG. WIETERS,

Acting Chief Secretary.

MEMORANDUM taken down by the undersigned of what passed at interviews between the Inspector General and Mr. D—— on this day the 28th November 1868.

Mr. D—— handed to the Inspector General the paper containing his written answers to certain queries put to him by the Inspector General, and mentioned his inability to write an answer to one particular question, for fear it might be construed as a charge of untruthfulness against the Tientsin Commissioner, saying that he came to defend himself but not to accuse others.

The Inspector General after reading out to Mr. D—— all the answers written down by him, said to Mr. D——, that, since he would not move from any of his statements, the Inspector General had to give him the following three alternatives: 1st, to return to Tientsin at once, see the Commissioner, and express to him his sorrow for having made use of statements and words, which, from his ignorance or imperfect knowledge of the English language, implied very grave and heavy charges against the Commissioner,—in fact, to make such a full apology to the Commissioner as would satisfy or be accepted by him; the 2nd alternative was to be dismissed from the Service, and the 3rd to call for a Board of Enquiry to be composed of three senior members of the Service, by whose decision the Inspector General would abide.

The Inspector General asked Mr. D—— to consider these, and to acquaint him within half an hour or so, with what he would decide on.

After the lapse of half an hour, Mr. D—— appeared before the Inspector General and declared that he decided to make an apology to Mr. H——.

The Inspector General said that would satisfy him, provided the apology to be tendered was accepted as sufficient and ample by Mr. H——, and that, in the meantime, he would refrain from expressing his opinion on the matter; also that the choice of a Board of Enquiry would still be optional with Mr. D——, in case his apology would not be accepted by Mr. H——.

The Inspector General, then by questioning Mr. D—— ascertained from him the following: that the idea of writing the despatch addressed to the I.G., originated with him alone,—that no other persons influenced him or advised him to take that step,—that Mr. Y—— of the Tientsin office corrected some of his phrases and expressions, turning them into better English, without

altering the sense of them,—that the fact of his writing a despatch to the I.G. was known to most members of the Tientsin office, and lastly that he had not consulted, or spoken of this matter to, any persons outside of the office.

(signed) AUG. WIETERS,
Acting Chief Secretary.

INSPECTORATE GENERAL OF CUSTOMS,

No. 60

PEKING, 30th November 1868.

Tientsin Series.

SIR,

1.—I much regret to be obliged to put additional queries to you, relative to the explanations given in your despatch No. 81 concerning the “Dragon.”

2.—In the reply to my first query, you say Mr. Z—— wrote only to Chou Taotai on the 14th, and, in reply to the second query, that “on its receipt, Ch‘ung Kung-Pao (who, you also say, was absent from Tientsin at the time) sent a Wei Yüan to the Acting Consul, but he was told Mr. Z—— was ill.” I wish to know:

1°. What you mean by speaking of the receipt by Ch‘ung Kung-Pao of the reply addressed to Chou Taotai ? and

2°. What day it is that you refer to, the 14th or 15th, as that on which the Wei Yüan could not see Mr. Z——?

3°. In answer to the fourth query, you say that you called on Mr. Z—— on the morning of the 14th. I shall be obliged by your giving me a detailed account of that interview and all that was said or transpired at it.

4°. In reply to the sixth query Mr. D——’s words state that “at the time (of the “Dragon’s” departure) it was not the custom to hand the . . . Bonds to the Commissioner,” while, in answer to the seventh, you yourself say that “everything being in order and the guarantee formal and satisfactory, it is accepted,”—that “when a guarantee is satisfactory

and *I* accept it, *I* return the Customs' clearance . . . otherwise I withhold it . . . In this case the guarantee was informal in every respect, it was not made out on the printed form etc." The explanations referred to, as read by me, argue that you wish me to suppose that the Office practice has always been 1°. that guarantees must be formal and made out on a printed paper, and 2°. that they must be accepted by *you* "personally" before the issue of the clearance, for are you not, as you yourself claim, "pecuniarily liable," and would it not be "unreasonable surely" for you "to have no word in the matter"?

I wish now to know:

- 1°. Of what nature were the last twenty guarantees handed in by steamers before the 15th October? Copies to be supplied.
- 2°. Were any, and, if so, which, of those twenty guarantees seen by you personally before the issue of the Customs' clearance?
- 3°. How, and to whom, do "you" signify that a Guarantee is in order and accepted by "you"?
- 4°. Did you see or sign any documents connected with the clearances of those twenty steamers, and, if so, what documents?

5.—In reply to the same seventh query, you also say that "without enquiry at this office whether all Dues and Duties had been paid, (the Acting Consul) had given the vessel a Consular clearance."

I wish to know:

- 1°. Is it a fact *which cannot be disputed*, that no enquiry was made at the Customs' Office, on the part of the Consulate, as to the "Dragon's" duties before she left Tsze-Chuh-Lin?

I am, etc.,

(signed) ROBERT HART,
Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

No. 7

PEKING, 12th January 1869.

Tientsin Series.

SIR,

I enclose for your perusal (to be subsequently returned to this office) copy of the last despatch addressed to the Yamén by the British Minister relative to "the 'Dragon' case." His Excellency has not properly comprehended the Yamén's despatch to which he thus replies, and he makes the Yamén to say some things which it had not said, as you will see from my marginal notes; but I think right to let you see the copy, in order that you may understand:

- 1°. That the case is not closed, and
- 2°. That I am forced to continue the enquiry so as to enable the Yamén to move safely, and with an entirely reliable knowledge of every circumstance connected with the affair.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

No. 16

PEKING, 1st March 1869.

Tientsin Series.

SIR,

1.—I duly received your despatches Nos. 83 and 88 of November 21st and December 11th last, and Nos. 9 and 18 of the 12th and 23rd January, forwarding a copy of the letter accepted from Mr. D— as a sufficient explanation of his language concerning you, and supplying additional information respecting your action in "the 'Dragon' case." These and the despatches

formerly acknowledged have much perplexed me, and although my desire to refrain from making such comments as might distress you, and my wish to show every consideration for your standing as Commissioner and former services almost dispose me to drop the matter, I do not see that I can do so with propriety, unless I, at the same time, point out to you very clearly the position in which to thus drop it will leave yourself. Consideration for your own interest demands that you should be shown clearly how the record stands, as it exists in your own despatches; consideration for your subordinates in the office demands that no undeserved blame shall rest on them; and consideration for myself and the official position I hold demands that the case when closed shall be closed in such a way as to show that no part of the record escaped my attention.

2.—First of all, I have two prefatory remarks to make:—

1. The despatches already written to you on this subject have contained no expression of opinion, and have merely asked question after question in order to the elimination of all the facts; and
2. When reading the remarks that follow, I wish you to remember that it forms no part of my intention to enter on a "harsh criticism" of your despatches, and that keeping out of view what may have been objectionable in the Consular action, and simply occupying myself with your own doings, where I point out inconsistency or in consecutiveness, or disapprove of action taken or not taken, I do so because I feel deeply how seriously the doings and mistakes of a Commissioner may compromise the interests of the Service generally, and to give you a full opportunity of making those explanations which the head of any Service is in duty bound to demand from a subordinate.

3.—The subject about which I have to write, naturally divides itself into three parts, I have to consider:—

1. Your Office arrangements;
2. Your action in "the 'Dragon' case"; and
3. Your dealings with Mr. D.—.

4.—As regards the first part,—your office arrangements, as they existed on the 15th October last, for the transaction of business,—I find that, at the time of the "Dragon's" departure, in the case of vessels which left the port on a guarantee for unpaid

duties, guarantees were not as a rule shown to, accepted by, or lodged with yourself personally, but could be handed by the coolie to any clerk, made out in any form, and scribbled on any scrap of paper; I also find that personally you had nothing to do with clearances,—did not know whether vessels left with duties paid or unpaid,—and might, in short, be said not to know whether the vessels that left had or had not cleared properly; and the main reason given by you for such absence of personal supervision in matters of chief importance, was that you might not be interrupted in your Chinese studies.

I cannot but condemn such office arrangements; they placed in the hands of junior clerks a kind of work that the Commissioner ought to have attended to personally, and threw on them promiscuously a class of responsibilities their positions could never warrant; and its result was, on your side, such an ignorance of occurrences within the office walls, as made it impossible for you to give precise information on any matter of enquiry.

As to the plea that attention to such matters interrupted study, it is one that cannot hold good for a moment, inasmuch as Commissioners are appointed to ports not to study, but to do what men do when studies are ended; and making allowances for the laudable desire to improve one's knowledge of Chinese, the excuse loses all validity when it is considered that interruptions of the sort alluded to—connected with guarantees and clearances—could not be very numerous or very trying at a port, such as Tientsin, where, probably there are not more than three or four clearances a week in even the busiest season.

With what fairness can the shortcomings of a clerk be reproved, when a senior among the Commissioners allows his office to drift into such a condition?

5.—As regards the second part,—your action in “the ‘Dragon’ case,”—it has to be looked at so as to bring separately under review the reports you sent me for instructions,—the manner in which you acted on instructions, and your explanations and defence of your action.

Your first report (No. 75, October 17) was correct, so far as I know, as regards the collision: was it accurate in respect of the obvious and easily learnt facts which alone concerned the Customs, relating to Duties and Tonnage Dues? You reported that Duty was outstanding on Ten chests of Opium, and yet, while you wrote, there was in your Office—to say nothing now of the technical

objection which may be urged against it as specifying "three days" but which in reality did not invalidate it equitably—just such a guarantee for the payment of that duty as had been held for the payment of the duties of the score of steamers that had cleared previously! And, as regards Tonnage Dues, while I learn from Nos. 9 and 18 of the 12th and 23rd January—and then only in reply to queries specially put by myself,—that not only were Tonnage Dues last paid at Tientsin, but that, on the very occasion in question, the Special Certificate had been sent to the office and seen by Mr. D—, and that Mr. Y— actually called your attention to the fact when copying your despatch; yet, strange to say, your October despatch stated:—"this Office is not aware whether Tonnage Dues were due or not"! Stranger still, you allowed me to remain three months, from the 17th October to the 23rd January, under the impression, that that was a fact, which you knew was not a fact! Thus your report of facts—facts with which the Customs were concerned, and facts within the cognizance of yourself and your clerks, was altogether wrong and misleading. How could instructions, based on so misleading a report, be other than wrong too? What becomes the position of the head of any department, when he finds a subordinate's report, in the simple item of "facts," is not to be relied on?

When little by little, and yet before the "Dragon's" return in November, you yourself became acquainted with the affairs of your own office, and fully cognizant of the incorrectness of the report made previously both to me and the Superintendent, your action in thereafter giving effect to my instructions—instructions based on what you had reported to be, but was not fact—was most injudicious. It in no way savoured of discretion and was, in all respects, the reverse of re-assuring, and the more especially so in view of the general spirit of my despatch No. 36 of 4th September concerning detention.

Again in your explanations, and in your defence of language used and steps taken, your despatches have been of an inexplicably misleading and inconsistent kind. Thus you first tell me, Oct. 17, "duty was outstanding"; then, Nov. 7, "a guarantee had been handed to Mr. D—, which he had" (and here you use a word which throws the blame on him) "*omitted* to mention"; next, Nov. 19, that guarantees must be on a printed form, and that it is unreasonable to suppose the guarantee handed to Mr. D— was a guarantee so long as you, who more personally liable, had not accepted it, although, as appears from examination of your guarantee Book, it was not at the time customary for guarantees to

be on a printed form, while the practice was—not for you, but—for your clerks to accept guarantees and issue clearances. Again, on the 21st Nov., you tell me that, with regard to Mr. D——'s words "replies suggested," they do not proceed from a want of knowledge of their force in our language but "are meant in their most offensive interpretation," while in your despatch of the 11th December, you next write that Mr. D—— had "explained verbally and in writing to your entire satisfaction"; furthermore, writing on the same day, the 11th December, you say "What I then wrote (i.e., Mr. D——'s replies to five queries) I had totally forgotten, and it is only by Mr. D—— supplying me with a copy that I *now* know," whereas your former despatch of the 21st Nov. has among its enclosures a letter of Mr. D——'s supplying the information which your subsequent letter, written three weeks later, states you had but "*now*" had brought to your recollection. Again in your despatch of the 17th October, speaking of the "Dragon's" departure and in connection with non-payment of duties, you say that you are "not aware what steps H.B.M. Acting Consul has taken," and yet in your despatch of the 19th November, in reply to my query you tell me that, on the morning of the 14th October, you "called on Mr. Z——" and that he stated "he should give the 'Dragon' her papers." Your despatch of the 17th October tells me your "office did not know whether Tonnage Dues were due" and yet your despatch of the 23rd January says the Certificate was sent in with the Manifest and seen by Mr. D——, and that Mr. Y—— called your attention to the fact that Tonnage Dues were known not to be due. While your despatch of the 10th December demands that when you write "*I did so & so*" you are to be understood as meaning that "some one in your office had done so & so," your despatch of the 23rd January, appears to claim on the other hand, that, when you write "*this office*" does not know so & so, you are to be understood to mean that "*you*" personally do not know so & so!

Thus, when I take action on your report that dues and duties are not arranged for, I find the report really means that dues were known not to be due, and that duties had been provided for in the usual way by guarantee! When I proceed to re-arrange my course, and, taking the guarantee for granted, point to your office practice, and, as your own language suggested, Mr. D——'s carelessness, I am met by indignant objections to my taking it for granted that the guarantee is a guarantee,—am brought a letter by Mr. D—— proving not only that he had not been guilty of any "omission," but that the office practice had been permitted by yourself, and

asserting facts to your own discredit,—and am led further astray by your use of the pronoun “I” which I read as meaning yourself, but which you say means your office and staff, and then by your use of the word “office” which I read as meaning the establishment and its personnel generally, but which it appears is used by you to mean only yourself personally! When I endeavour to make a point out of your assertion that you don’t know what steps the Consul has taken, to support the argument that Consuls ought to ascertain whether duties are paid, I am met by being told that you had actually called in person on the Consul, and that he there and then told you what he intended to—and what he eventually did—do! When I question Mr. D——, basing my action and speech on your assurance that his offensive language was not used inadvertently but advisedly by him, and with full cognizance of its most offensive meaning, I am next told that Mr. D—— meant nothing and has explained to your satisfaction!

I put the question to you plainly and frankly: can anything more disconcert or humiliate the head of the department at Peking, than to find it possible he can be so thoroughly misled by the carelessness or mismanagement of a Commissioner,—especially after he has assured the Yamén that only efficient and reliable agents are nominated to Commissionerships?

6.—As regards the third part,—your dealings with Mr. D——, it appears that on the 16th November you read off to him certain queries, and, as he answered, wrote down replies.

To the fifth query, enquiring why he had not handed the guarantee to you, you wrote an answer, and, seeing Mr. D——’s hesitating manner, handed the paper to him, telling him to give you his replies at leisure. Mr. D—— gave you his replies, and, at the same time, handed you a letter to my address, in which he enclosed a copy of the paper you had given him; he described that paper as containing the replies you “*suggested*” he should make; and he then came to Peking, and in person delivered to me the original paper in your own handwriting.

When questioned, he said he had come to defend himself, and not to accuse others; his caution would not allow him to impute motives or recognise inferences, and he confined himself to the assertion of certain facts: what are those facts?

They are these:—

- 1°. That the answer to the fifth query in your handwriting is an answer which he did not give;

- 2°. That it is an answer which he would not—an answer which he could not give; and
- 3°. That it is an answer which represents the office practice, at the time the "Dragon" left in October, to have been what it was not.

I thereon wrote to you, and stated that I did not see how you could be content with less than his withdrawal of the assertion that the reply written by you was one which he had not made; by way of answer, you addressed me in return, enclosing his letter to yourself, and stated that you considered that explanation perfectly satisfactory: the explanation simply amounts to this, that he, Mr. D—, never desired to accuse you of any intention to mislead me.

Now this is what Mr. D— has all along said: he would have nothing to do with inferences—he left them to be drawn by others; he would have nothing to do with motives—it was for others, but not for him, to impute them; but what he did at the first do, and what he continues in his explanatory letter to do, is this: he asserts that you handed to him in your own handwriting a reply, written down as coming from him, to a question of mine, which 1°. he never made, 2°. could not make, and which 3°. gave a false account of office practice; and his own written explanation of the meaning he attached to the word "suggest" is this—"I meant that especially the fifth reply *originated* with Mr. H—, and was given to me by him to serve as a guide in writing my answers."

Such is not the position in which a Commissioner ought to be content to rest *vis-à-vis* a clerk in his office.

But what is your own explanation? You tell me officially (No. 88, Dec. 11) that it is your custom to hurry people with their answers, and to write down what you imagine they want to express! Now while this extraordinary "custom" may excuse departure from Mr. D—'s exact language in reply to the first four queries, still (to say nothing of the impropriety of allowing such a habit to be indulged in, when specially instructed by me to procure "full and precise information" from other people) does it not appear strange even to yourself that even that habit could have led you to pen such a reply to the fifth query?

"It is ten to one," say you, "that you would write down what you conceived he wanted to express:" now, you yourself must have known that the office practice, at the date alluded to, October 15th, was *not* the practice described in that reply, and

you must have known equally well that therefore Mr. D—— *could not* make such a reply, and yet you tell me that you wrote what was not fact, conceiving that that was what Mr. D——, in his hesitating way, wanted to express! The explanation is even more astonishing than the act it proposes to explain.

By the use of the word "omitted," the blame and responsibility of a mistaken course of action were thrown on Mr. D——; roused to defend himself, he asserts you supplied him with a written answer bearing on the so-called omission,—an answer which, if accepted, would clear the Commissioner at the expense of the clerk, but which Mr. D—— disclaims as at once unfair to himself and contrary to fact; in loyalty to you, I take him to task for so damaging an assertion; he next writes to you, and, without withdrawing his assertion, says he had no desire to accuse you of improper motives; you tell me this explanation is to your "entire satisfaction," and you then explain to me the assertion he has not withdrawn by showing that your custom of hurrying people with their answers, and of writing down their replies before they have replied, has led you, even when specially called on by me to procure precise information from Mr. D——, to write a reply which your clerk did not and could not give, and which, being a reply that said that was which was not instead of supplying myself, the questioner, with precise information, could not but mislead me completely.

7.—What I have written must be galling to you, and, I assure you, it is no pleasure to me to have to write it. You will, however, see that I sedulously avoid the drawing of inferences or the supplying of motives, and that I simply place in narrative form the statements made by yourself, written at your own desk, at your own times and leisure, without being hurried or confused by any *vivâ-voce* questioning, and after mature consideration, and with a full record of all that had been written before in writing at your hand to refer to, placed by you in official form for my information and guidance; I simply place these, your own, statements side by side, and ask what it is I am to understand by them.

You deprecate "harsh criticism"; I have taken pains to avoid it, and have only made such a use of your own language as an official enquiry into the facts referred to in an official record entitles me to make.

You demand that, if I harbour even the shadow of a suspicion, a court of your brother Commissioners may be convened; a court of Commissioners would do nothing less than I have done, nor would it do aught more. It could simply establish, from your own

despatches, all the facts that are above set forth; its members would be as unwilling to attribute motives and draw inferences as Mr. D—— himself; and after its sitting, you and I would simply be in the position in which we now are—You, with this strange record of inconsistency against you, and I, with the memory of your ten years' service in my mind, and the sincere desire to be able to continue to consider your management efficient and your accuracy reliable.

Your last despatch says you do not care how this "miserable affair" ends,—that you "have been degraded and made to feel like a criminal throughout,"—and that what you "*do* desire is to be believed." I have never once questioned your truthfulness, or cast any imputation on your perfect veracity; this "miserable" affair originated and grew in your own office, and not in mine; and the feeling that oppresses you, must surely be connected with your own replies rather than with my queries. I have not put a question yet which had not for its object the elucidation of some matter of fact bearing on "the 'Dragon' case," and on which I required accurate information in order to avoid misleading the Yamén and for the proper settlement of the affair in so far as it affected the steamer and her agents. I have not gone beyond my duty in this matter: I doubt if I have gone even the length duty required—had a Clerk-in-Charge laid himself open to such criticism, he would long since have been relegated to a very subordinate position indeed;—and I am in no way responsible for the effects your own official acts, and your own deliberate statements may have on your own feelings or your own interests.

8.—To sum up: the position in which the whole affair now stands, in this:—

- 1°. It is evident beyond all question, that in the middle of October last, the office confided to your charge was not in that condition in which an office ought to be;
- 2°. It is evident beyond all question, that your report as to the Dues and Duties of the "Dragon" on the 17th October was incorrect, and that you made that report, or allowed it to remain without correction, knowing that what was said about Dues was untenable, and neglecting to procure information from your clerks respecting the real position of the Duties;
- 3°. It is evident beyond all question, that your action in giving effect to my instructions, which you knew to be based on an incorrect report of yours was indiscreet and ill-advised;

- 4°. It is evident beyond all question, that your despatches are inconsistent to an extent that is inexcusable;
- 5°. It is evident beyond all question, that your use of the word "omitted" in connection with Mr. D—'s name, is altogether unjustifiable, and that your position *vis-à-vis* that gentleman is in no way improved by his explanatory letter; and
- 6°. It is beyond all question, that I am altogether at a loss to understand or account for such a state of affairs.

You ought not to have neglected personal supervision; you ought to have known the guarantee was in the office; you ought to have corrected what you said about Tonnage Dues at once; you ought not to have acted on my instructions when you knew your report of 17th October was wrong; you ought to have known from Treaties, etc. that we could not stop a vessel's entry for collision; you ought not have said Mr. D— "omitted" to mention the guarantee; you ought not to have written answers before Mr. D— made them, and your written answers ought, at all events, to have stated the fact; your acceptance of Mr. D—'s explanation takes nothing from his assertion; and your despatches are misleading in their incorrectness and inconsistencies.

I shall await your reply before proceeding to place the Chinese version of this despatch before the Yamén.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

INSPECTORATE GENERAL OF CUSTOMS,

No. 24

PEKING, 30th March 1869.

TIENTSIN Series.

SIR,

1.—I am in receipt of your despatch No. 33 of the 20th instant: replying to my despatch No. 16 concerning your action in "the 'Dragon' case," etc., etc., etc.;

and I now write to place it on record, that, while, as said in my former despatch, your veracity was never for a moment called in question by me, the despatch under reply, and, more especially, the personal explanations tendered by you when at Peking on the 10th instant, have confirmed me in my former belief, that the many mistakes made by you did not in any way arise from an intention to mislead me or defend yourself by implicating others; and I trust it will be satisfactory to yourself, after the despatches which have been already interchanged, to have it thus placed on record that you are fully exonerated from any charge involving moral blame.

2.—On the other hand, your despatch under reply completely admits the mistakes, inconsistencies, and errors of judgment which I had had to inform you were on record in your own despatches; I shall communicate to you in another despatch the action that I am, by that admission, placed under the necessity of taking.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

COMMISSIONER OF CUSTOMS,
TIENTSIN.

(*Enclosure to I.G. despatch No. 99, Shanghai Series, of the
2nd November, 1868.*)

Clearance of Vessels under Guarantee before full payment of Duties.
Suggested introduction of Bonded Warehouses.

SHANGHAI GENERAL CHAMBER OF COMMERCE,

No. 222.

SHANGHAI, 7th October 1868.

SIR,

The reply to your favour of the 24th August on the subject of guarantees for duties when such are unpaid at the time of a vessel's departure, has been somewhat delayed in consequence of the desire on the part of the committee to consult with the agents of the various steam ships frequenting this port, who are specially interested in the matter.

The constitution of the Chamber does not allow of its undertaking, as you suggest, the responsibility of guaranteeing the Customs against loss in these cases, the object of the association being confined to the discussion of questions connected with the trade of China, the expression of the views of Merchants as the representative of the collective Commercial community, and the arbitration of such differences as may be brought before its Committee.

Keeping in view both the accommodation of those engaged in shipping business and the due protection of the revenue the Chamber begs to recommend the following course of procedure which is analogous to the Customs usages of other countries in similar cases, where the goods themselves are considered the primary security for the duties leviable upon them.

The Chamber proposes as a temporary measure and as a step towards the establishment of a regular Bonded Warehouse System, that in the case of *Imports*, the Customs should accept the receipt of the Wharfinger of a public wharf, or responsible Manager of a Warehouse, for goods on which duty is due at the time of a clearing of a vessel, accompanied by an undertaking to retain such goods until released by the Customs' Authorities, a Custom House Officer being if necessary in attendance.

In the case of *Exports* the Chamber recommends that the duty should invariably be paid when the permit for shipping is granted.

The Chamber however considers the ultimate solution of the question to be the Bonded Warehouse System, which provides recognised depositaries for all goods on which the Customs have a lien, and which should be introduced as speedily as possible.

Payment of Duties subject to drawback for damage or jettison, at the time of application for a permit to land should in any case be at the option of the consignees.

Thanking you for your reference of this matter to the Chamber,

I am, etc.,

(signed) I. PORTER,

Chairman.

ROBERT HART, Esquire,
Inspector General of I.M. Customs,
PEKING.

(*Reply to above.*)

INSPECTORATE GENERAL OF CUSTOMS,
No. 158
PEKING, 2nd November 1868.
Special Series.

SIR,

1.—I have to thank you for your reply, under date October 7th, to my communication concerning guarantees for duties remaining unpaid on clearance.

2.—The question of a Bonded Warehouse System will, it is supposed, be definitively settled next spring, and, when visiting Shanghai for that, among other purposes, I shall be glad to be favoured with the matured views of the Chamber, the intentions of the Chinese Government, so far as I am acquainted with them, though admitting of an alternative settlement, are yet of a kind that may fail to make Bonded Warehouses acceptable at your port.

3.—As regards Guarantees,—while regretting that the reply under acknowledgment has not done much towards the solution of the difficulty, I beg you will assure the Chamber that the Customs'

Authorities will endeavour to accommodate the action to be taken to the circumstances and requirements of the ports in the manner that shall cause the least amount of embarrassment generally.

I am, etc.,

(signed) ROBERT HART,

Inspector General of Chinese Maritime Customs.

THE CHAIRMAN OF THE SHANGHAI GENERAL
CHAMBER OF COMMERCE,
SHANGHAI.

*True copies, (signed) AUG. WIETERS,
Acting Chief Secretary.*

Clearance of Vessels under Guarantee; Yamēn not in favour of
Private Godowns as Bonded Warehouses.

INSPECTORATE GENERAL OF CUSTOMS,

No. 10

PEKING, 11th February 1869.

Shanghai Series.

SIR,

1.—I am in receipt of your despatch No. 17 of the 21st January forwarding copy of a despatch addressed to the Chamber of Commerce relative to Guarantees and Bonding, and I write at once, in reply, to request you to be very careful not to make any promise, undertake the carrying out of any suggestion, give cause for speculation as to future changes, or involve the Maritime Customs in any way, without the sanction of this office to the step proposed to be taken by you. You will, therefore, please to confine yourself to the consideration of the little that may be required to be done in order to the clearance of vessels under guarantee for the payment of the few duties that the difficulty of finding consignees may cause to remain unpaid.

2.—It is still very uncertain whether the Yamén will decide in favour of the collection of a large sum at one port in the Kiangsu province, or of allowing that money to be scattered over many ports in many provinces, and thus become less amenable to central governmental calls. Furthermore, the difficulty of getting all Treaty Powers to agree to any one principle for the selection of private godowns for Bonding purposes, and the likelihood that any principle agreed to would soon have to be violated in favour of some godown-owner who raised the cry of an oppressed nationality, combine to show the necessity of proceeding, not merely with the greatest caution, but with the knowledge and concurrence of this office in every step calculated to lead away from the present state of affairs. The Yamén, for instance, *refuses* to accept the suggestion to license private godowns as Bonded Warehouses, and will give merchants the choice between either forming themselves into a Bonding Company and building one large detached warehouse, or allowing the Customs to provide Bonded Godowns for them, and in either case *all* imports would be called on to pass through that warehouse, and to pay a godown fee. What I now write, I write for your private information and guidance, in order that you may not be led into arrangements or promises of an embarrassing kind. You will therefore please to keep out extraneous matter, refrain from suggesting fresh subjects for discussion, and confine yourself to the consideration of the best means, *under present circumstances*, and remembering that at present there are no Bonded Warehouses, to be adopted to free ships from the occasional detention that threatens them when duty receipts have not all been sent in.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

T. DICK, Esquire,

Commissioner of Customs,

SHANGHAI.

Canton Viceroy issues Proclamation regarding
Chinese Revenue Cruisers.

No. 32.

CANTON, 16th March 1869.

SIR,

In the Hongkong China Mail of the 24th ultimo I noticed a copy of a translation, made by Mr. Mayers, of a Proclamation issued by the Governor General and Hoppo in regard to Chinese Revenue Cruisers. At my request the Hoppo sent me a copy of the Proclamation which I now enclose. I beg to call your attention to the fact that this Office has not been in any way consulted in this matter.

I have, etc.,

(signed) G. B. GLOVER,

Commissioner of Customs.

ROBERT HART, Esquire,
Inspector General.

兩廣部海關部堂瑞

爲示諭嚴禁事案照各屬出洋船隻在香港販運洋貨赴各路銷售有由省河大關完稅者或由潮

州新關完稅者惟路之所經聽從商便然皆不得繞越走漏誠以新關歸大關兼管雖分而實合也至各子口徵收以及掛號銷號俱有定章固不容商客任便偷私亦不准書役妄行需索久經示諭在案現訪聞竟有匪徒假冒本關部船隻在洋面攔截貨船任意勒索致令各貨船心懷疑懼不敢通行大爲客商之害實堪痛恨茲本部堂會商嚴拿匪類淨絕根株所有海關現無輪船其各口巡船概不出海緝私通諭各口巡艇祇在口上巡緝不得出海查拿以別真僞而易搜捕并由本關部將本年十月內輸船緝私告示撤銷另由本部堂委派巡洋火船員弁訪拿假冒緝私巡拖各船匪徒從重究辦外合行出示曉諭爲此示諭諸色人等知悉爾等各宜安份營生切勿玩法滋事如再有匪徒假冒本關部緝私旗號攔截貨船卽與洋盜無異一經拿獲到案卽盡法懲辦本部堂言出法隨決不寬貸其各凜遵毋違特示

INSPECTORATE GENERAL OF CUSTOMS,

No. 13

PEKING, 12th April 1869.

Canton Series.

SIR,

I am in receipt of your despatch No. 32 of the 16th March:

enclosing a proclamation issued by the Governor General and Hoppo regarding Revenue Cruisers, and stating that your Office had not been in any way consulted in the matter:

In reply I have to state that, as the Canton Office does not now possess any sea-going cruiser, the proclamation cannot practically affect it detrimentally. That the Hoppo should not have consulted your office in the matter does not on the whole appear surprising; I have everywhere observed that, at those ports where Commissioners have been unable themselves to communicate directly and in the Chinese language with the Superintendent of Customs, the latter have gradually ceased to be desirous of having those heavy interviews at which Interpreters are required, and have gradually got into the habit of either regarding the Commissioner as a nonentity, or of submitting to the guidance of some other individual whose knowledge of the language makes him a power and secures for him personal influence. The remedy for this is of course, in a knowledge of the language and personal ability to talk; I am happy to think that the foundation you had the opportunity of laying during the half year you spent at Peking is being built upon by you at Canton, and hope that in time you will be able to converse readily in Chinese.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
CANTON.

Preventive Cruisers at Canton.

No. 45.

CANTON, 25th May 1869.

SIR,

Your despatch No. 13 is before me and I take due note of its contents.

As a matter of course it is impossible for me to know what your experience is in regard to those ports which are managed by Commissioners who are unable to communicate directly with the Chinese Officials. I can say in regard to this port that the present state of affairs has not arisen from the fact of my inability to communicate directly with the Officials, but it is owing in a great measure to your Circular No. 8 of 1864 which limits my movements and also to your unwillingness to authorise vigorous action.

For several years you supplied this Office with one steamer, the "Cumfa," which was too weak to strike at the root of the smuggling which is so rife in this province. This I pointed out to you repeatedly in my private letters and ultimately you authorised me to apply to Messrs. Olyphant & Co. to learn at what cost two steamers could be got from America. In due course of time I reported to you their reply and forwarded you plans of steamers with memorandum of their cost. As you are aware you took no further action in the matter. Ultimately the "Cumfa" was given up and the "Hai Ching" was sent to take her place, this steamer was also powerless, in the presence of the smugglers, and at no time since the formation of this Office has such action been taken as would show the Chinese that it was earnest in its endeavour or wish to put an end to illicit trading.

The Chinese Officials waited patiently during these several years and finding that but little had been accomplished they very naturally felt inclined to take matters into their own hands. A few days after Chang Yi Li the Governor of the province arrived here he informed me that he was desirous of procuring steam cruisers, and asked me what my opinion was on the subject. I told him that I had already procured for you, from America, plans of steamers, and that when you saw your way clear to order them no doubt you would do so, at the time he seemed satisfied with the reply and had not the question of piracy arisen perhaps he would have been contented to wait your movements.

I contend that with Circular No. 8 before me, and waiting your replies about the steamers, I was not authorised to assist the Governor, and subsequent events have proved that had I helped him I should have got into trouble at the same time that he did. As I have already explained to you in my private letters he found the Consul, assisted by Mr. Commissioner Meritens, (whose action in the matter has never been explained to me) ready to help him, and their hands or perhaps it will be better to say the Consul's, were not tied by any Circular similar to that which you issued in 1864.

So long as the present system of government continues in this country which permits, or winks at fraud and peculation, so long will the Officials, who come in contact with us, feel that we are their enemies, and that we are in a position to spy upon them, and they will always be more inclined to work hand in hand with the Consuls, who will naturally make favourable reports to their ministers, who will pass them on to the Tsung Li Yamēn, than to work with us, who must from time to time report their irregular conduct.

The Officials here are so far from Peking as to feel that they may do very much as they like and they follow the orders received from the Capital or not as appears to them best, there seems to be Provincial Rights which permit the province to have action independent of the Parent government. Among many cases I cite the action of the Governor General in the Chow Chow affair, and his action in the Emigration rules which you drew up in 1865.

Upon reference to my despatch No. 32 you will find that I made no comments in forwarding the enclosure, the reason I sent it as I did was that I hoped it might awaken you to the difficulties under which this Office is placed, but I abstained from enlarging upon the subject, simply because I felt much discouraged at what I thought was a want of attention on your part, in regard to the affairs of this port. Although I failed to state it, my complaint was not so much that the Hoppo had not communicated with this Office, as that the Governor General had not consulted with the Hoppo. I have already in previous despatches pointed out to you independent action on the part of the Governor General, and have suggested the only remedy that I can see, which is that this Office be placed under his jurisdiction. I have also repeatedly informed you that, notwithstanding the orders from the Tsung Li Yamēn he will not communicate freely with me, nor would he with Mr. Brown during my absence. The Governor General always has the Hoppo in his power as the irregularities which are constantly going on in his

Yamén can be at any time reported to Peking. The Hoppo is powerless because before he leaves Peking he receives orders from the Palace to furnish expensive goods such as embroidery, etc., (the present Hoppo on his arrival here had to send up to the Palace \$35,000 worth) the cost of which he is not permitted to place in his accounts.

The Governor General or Governor has these steam cruisers in his hands and no doubt is glad of the opportunity of trying the experiment whether he can manage them with only such indirect assistance as he now has from foreigners, and as far as I can see he is managing them creditably.

I reply to your despatch by asking the following question. If a knowledge of Chinese is so necessary to conduct business with the Chinese Officials, how is it that the English and French Consuls, who do not understand Chinese, have so much power and influence here?

I conclude with saying that the above mentioned despatch marks an era in the existence of this Office, it being the first which has been received that is distasteful to the Commissioner.

I have, etc.,

(signed) G. B. GLOVER,

Commissioner of Customs.

ROBERT HART, Esquire,
Inspector General.

Coast Trade Duty: Shanghai Commissioner's proposal that Customs
should cease collecting.

INSPECTORATE GENERAL OF CUSTOMS,

No. 33

Shanghai Series.

PEKING, 29th March 1869.

SIR,

1.—I am in receipt of your despatch No. 56 of the 2nd March:
concerning the collection of revenue by a foreign Staff on
the Chinese Home Trade:

and have to state in reply, that, while admitting the economic soundness of the principle that the taxation of goods leaving or entering a country, and of goods passing from one part to another in the same country, are two very different things, and justify separate and special treatment, it is not to be forgotten that all taxation is a thing of a more or less arbitrary kind, and that Governments must be guided both as to what they will tax, and as to how they will tax it, by their special necessities and several peculiarities. A tax on goods passing from one point to another in a petty state like Belgium, viewed as to the effect it may have on national well-being, apart from its relation to national life, may be pronounced to be at variance with what is a fair economic principle in the abstract (viz.: that a state shall not tax its own commodities passing from one point to another within its own territory), but a tax on goods passing from one point to another within the boundaries of a large empire like China, is the less at variance with such a principle in proportion as its effect is less and less mischievously felt by the commodities taxed, their producers and consumers, and in this latter instance (China) the withdrawal of such a tax on national commodities is perhaps only to be justified in proportion to the extent to which it can be made up for by a tax on foreign trade (*i.e.*, goods leaving or entering the country), just as in the former case (Belgium) the imposition of such internal taxes becomes justified in proportion to the impossibility of providing a substitute for them by taxing foreign trade. The principles of economic science are not so many fixed and immutable laws, applicable everywhere irrespectively of time, place and circumstances; sufficiently well established and perhaps generally admitted as truths *in their own connection*, their operation may become very mischievous if applied out of or beyond that connection, and as important an element in the discussion of economic questions, as the

truth or applicability of economic principles, is the consideration of the nature of the governmental requirements thereby affected, the measures by which they are to be met, and the agents to whom those measures are to be entrusted. Under certain conditions it may be expedient, by means of a tax on Exports, to throw the burthen of supporting the administration of a country on the people of other countries who consume its produce, and, under other conditions,—“Protection” apart,—it may be expedient for a State by a tax on Imports to make its own subjects support their national administration. I question, however, whether any economist will be found to prefer the uncertainties of that system of taxation (argued for in your despatch) under which unpaid and dishonest functionaries “arrange” levies and make a living, while the Government, for the use of which solely taxation can be justified, is always the sufferer, and give his vote against that other system (disapproved of in your despatch), under which well-paid Officials collect from all alike, according to a known and fixed tariff, and account regularly and honestly for the sums received to that Government, for whose support the collection is justifiable and for whose benefit that collection is made.

2.—Your proposal is that the Inspectorate shall withdraw from the collection of duties on native produce carried coastwise, and concern itself solely with the collection of duties on Foreign Imports, and Chinese Exports (properly so called), and of Transit Dues on those two sets of commodities, and you support your proposal by arguing:

- 1°. That it is wrong economically to collect taxes on goods passing from one to another part of the same State;
- 2°. That, if such a tax is to be collected, and inasmuch as the sum collected by the Inspectorate from that branch of trade is only a part of the whole, it had better all be left to be collected by the Chinese themselves who, officials and traders, can make such (*underhand*) arrangements as shall suit trade, rather than be touched by the paid foreigner who would, without deviation from its rules, apply a fixed tariff strictly and uniformly;
- 3°. That under a Chinese administration regulated by Chinese ideas (*i.e.*, non-paid officials, bribery, and clandestine arrangements) goods would be shipped and discharged with probably greater facility; and that without the interference of the Government,

through the foreigner, (forbidden) Coast ports would probably long ago have been (clandestinely) opened by Chinese merchants to foreign vessels without Custom Houses;

- 4°. That a foreign establishment cannot work on a native principle (viz.: taxing goods while in internal transport) and is not competent for such a duty;
- 5°. That Chinese officials are quite able to collect all that Chinese ought to give, and that the foreigner ought not to interfere, the more especially as the disbursement of the sums collected is under native management; and
- 6°. That, owing to the necessity for native assistance, it is probable that, in work which is almost entirely Chinese, our Chinese assistants will increase their power in the department, and introduce the practice of their own Government offices.

To my mind, each of the arguments alluded to suggests something strongly resembling its own confutation. Under certain conditions (and in China these conditions *do* exist) it *may* be quite right to tax goods in transport,—it *would* be better to see (not a withdrawal from touching a part) but the collection of the whole tax on home trade by honest agents according to a fixed tariff, and freed from the operation of Chinese "ideas,"—facilities regulated by Chinese "ideas," and ports opened without Custom Houses reproduce the very things in the home trade, which it was hoped the example of the Inspectorate would bring to an end, and drives a "coach and four through" the sanctity of international compacts,—to call it a "native" principle involves no reason why the foreigner should not be able to work on the principle of taxing goods in transport, nor does the epithet "native" in this connection, and in view of the circumstances of China, render internal taxation uneconomic or inexpedient,—that Chinese Officials can collect all that Chinese merchants ought to give, either means that the official can collect all the Government is entitled to, or that merchant and official are alike entitled to set law at defiance and make their own bargains, and that the first is not a fact is not more certain than that, through the operation of the second, malpractices innumerable have sprung up which eat into the very vitals of the Empire,—and, lastly, the probability of Chinese assistants introducing their own practices into our offices is the very opposite of one of the chief reasons for the continuance of the Inspectorate, viz: that *it* may introduce its practices into Chinese offices.

3.—Taxation has its two sides: it may be viewed from the effect it has on commerce and the wealth of a nation, and it may be viewed from the use to which it is put for the support of Governmental administration, and looking at it from these two points of view, and considering in that connection your proposition that we shall withdraw from collecting a tax on the Chinese Home Trade, I am very much of opinion that your position is untenable, your arguments unsound, and your views questionable.

4.—It would be very inconvenient to have the cargo of the same Steamer dealt with by four offices—as might be the case at Tientsin, and distinction enough is made for all practical purposes while it is the rule that goods in *foreign* bottoms shall be dealt with by the Inspectorate. It remains too to be proved, to support your views in this connection, that duties on goods on Chinese bottoms are lighter than when the goods are carried in foreign bottoms, and even granting them to be so—which I doubt—the lighter freights and the benefits of insurance will enable the trader who charters the foreign ship to compete without being at any disadvantage as compared with the man who freights a junk.

5.—At the same time, I thank you for your despatch: even where specious and most *ad captandum*, its contents are well worthy of careful consideration, and it has led me to look more closely into the matter, and to think of some of its aspects more fully than I had ever done before.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAI.

Bonded Warehouse System at Shanghai: reasons against.

INSPECTORATE GENERAL OF CUSTOMS,

No. 34

PEKING, 30th March 1869.

Shanghai Series.

SIR,

1.—I am in receipt of your despatch No. 63 of the 10th March: concerning the Bonding System proper for adoption at Shanghai, and replying to my despatch No. 10 of 11th February:

and I have now but a few remarks to make in reply.

2.—If a Bonding System were introduced at Shanghai, it would not be brought in under “existing treaties,” but under a *revised* treaty, and China *might* make it a condition of a Bonding System that *all* goods should pass through the Bonded Warehouses.

3.—As far as merchants are concerned there are only two reasons for Bonding and those are either temporary want of funds or the desire to save the interest on the duty payable; where duties are low, as in China, the Governmental want of ready money is quite as good a reason against, as the merchants’ temporary impecuniosity may be for—a Bonding System, and it is manifest that in China the desire to save the interest on a 5% duty can operate in but very rare instances; it is not impossible therefore that the demand for Bonded Warehouses may be the expression of a mercantile wish that has been but very crudely considered by the utterers. Whether the demand was or was not made without sufficient consideration, it is evident that those who have to meet and act on it, must do so seriously. Now the demand for the bonding warehouse system at Shanghai will probably be found to be one which means that the merchant shall have his goods in his own godown—that he shall be able to get at them at all times—and that he shall pay duty on them when convenient; but, with many godowns scattered all over the settlement,—with the difficulty of deciding which is and which is not to be bonded,—with the possibility of a strong Consul forcing a weak Customs to depart from that principle,—with the pecuniary difficulty of finding employés enough to take charge of many godowns and give the godown owners the constant access they would be certain to want,—and with the fact that the usual reason for a Bonded System is so weak as scarcely to exist at all in China, it is but right that the Government should

consider carefully before it commits itself to a course from which it could not draw back. The only way of meeting such a demand, without embarking on the hazardous experiment of licensing all godowns, is either for the Government to provide at one point sufficient godownage, or for a public Company to do so under Governmental license; and as the system would be one rather called for by caprice than necessitated by heavy duties, the Government would be quite in its right to stipulate for such a procedure as should pay its expenses or secure the public Company's undertaking against loss, and therefore it might possibly have to be enacted that all goods should pass through that warehouse and pay a godownage fee according to a graduated scale. The case is not one of attempting to meet the real requirements of trade, of freeing it from disabilities and benefiting commerce, but one of acquiescing in the demand that there shall be bonded warehouses; trade does not require them in reality, as your own despatch itself shows, and, where the product would be peculiar and artificial, as in China, there is no question of the success or failure of a natural and healthy bonding system involved.

4.—The end aimed at in bonding Imports is well expressed in the closing words of your despatch, viz: "the postponement of payment of duty until the goods reach the last port;" but it is a question, even at Shanghai, whether the merchants would not rather pay such small duties as the Tariff calls for at once, get their goods into their own free keeping, and face whatever troubles Exemption Certificates and Drawbacks now entail, rather than have a system introduced, which, postponing payment and doing away with the necessity for issuing Exemption and Drawback documents, would withdraw the goods from their own control, force them to observe times and seasons in entering their godowns, and substitute a multiplicity of other forms—applications and permissions—not a whit less, but probably more troublesome than those required under the present simple system. A Bonding System would of course do much to enable the Shanghai Customs to separate the goods intended for that market from those for other ports, and thereby make examination of the former possible; but, at the same time, it is also a question to what extent the introduction of a system admitting of examination of the portion intended for Shanghai would compensate for the other troubles inherent in that System. Bonding is a difficult business: it interferes with the rights of property and private ownership so much, both as regards Stores and things stored in them, that it must be regarded as intended to protect revenue rather than assist commerce; even where duties are

high, the choice between bonding or payment of duties may be regarded as protective of revenue, if in the interests of trade, for it is an inducement to a certain class to bond who would otherwise endeavour in some way to evade payment of some part of the duties, if those duties had to be collected at once without delay.

5.—There is no objection to a discussion of the question; my last despatch No. 10 was simply to caution you against committing the Yamén, and to warn you against making any promise which other considerations, at the time not known to you or perhaps myself, might render it inexpedient or impossible to fulfil; and you were requested to confine yourself, as far as the settlement of the "treatment of Imports" is concerned, to the arrangement of a measure to enable ships, with a few duties on imports outstanding, to get away before their payment.

6.—I have no objection to your eliciting the Chambers' opinion as to the principle on which it thinks warehouses might be selected to be licensed as Bonding Stores, or to your discussing such a principle; and I am not disposed to differ from you in your view that as regards "Cottons and Woollens," Bonding might be adopted with advantage. But what I do wish to impress upon you, is that you are not to promise anything or "settle" anything, without the knowledge and approval of this Office.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAI.

Shanghai Commissioner's suggestion that Foreign Inspectorate
should confine itself to Foreign Trade.

INSPECTORATE GENERAL OF CUSTOMS,

No. 50

PEKING, 12th May 1869.

Shanghai Series.

SIR,

1.—I am in receipt of your despatch No. 92 of the 29th April:
concerning distinction between Foreign and Home Trade:
and, in reply, have to state that my own views still remain unchanged.

2.—To present your argument in somewhat the form of a
Sorites, you say:

1°. There is a difference between Home and Foreign
Trade;

2°. Home and Foreign Trade differing, demand different
treatment;

3°. The Tientsin Tariff ought therefore not to be applied
to both Home and Foreign Trade;

4°. Left to themselves, Chinese officials only collect so
much on Home Trade which is less than a foreign
administration, with the Tientsin Tariff to guide it,
would collect;

5°. Therefore the Inspectorate should confine itself to
Foreign Trade, and should not be extended to newly
opened ports.

3.—The pith of the despatches already received from you is
fairly given in the preceding propositions and conclusions, and
I am bound to say that the reasoning is not without more than one
non sequitur.

4.—“Home Trade is not Foreign Trade”: that is a self evident
proposition; but to add that therefore Home Trade ought not to be
treated as Foreign Trade, is to draw a conclusion that requires not
merely a major—but an unquestioned major premiss. China Home
Trade is not China Foreign Trade, and therefore the Tientsin Tariff
drawn up for China Foreign Trade is not applicable to China Home
Trade: the conclusion may be correct or the reverse according to
circumstances, but many points would have to be proved, and the

signification and distribution of the terms assented to, before the premises, on which that conclusion immediately rests, and without which it cannot stand, can be conceded. The amount collected by a native staff on Home trade is less than the amount a Foreign staff guided by the Tientsin Treaty Tariff would collect, and therefore the Inspectorate ought not to occupy itself with the Home Trade or be extended to ports not likely to have a large Foreign Trade; this is simply an argument without a middle term, or rather the inference will not stand without a premiss which it would not be easy to put in the form of an accepted proposition.

5.—If any tariff is unfairly heavy, traders can fairly proffer a claim to have it changed, and if the tariff for Foreign Trade bears heavily on China's native Trade, the inadvisability of applying it to native trade could be shown; but there is nothing to show, and there is no reason to believe that the Foreign Tariff has or is likely to have an injurious effect on China's Home Trade, and, on the other hand, there are grounds, at once reasonable and expedient, for adhering to the course already followed of applying the same Tariff to Chinese merchandise shipped in Foreign bottoms, no matter for what destination intended. What you claim to have made good is a simple truism: but the self-evident proposition that Foreign and Home Trade should be considered separately, does not necessarily mean that their conditions are such as to require separate *i.e.* different treatment. Our duty in the matter seems clear enough: our duty is to carry out the well-considered rules laid down for our guidance, until such time as persons affected by those rules come forward and prove themselves to be prejudicially affected. There is more of the spirit of true reform in willingness to right wrongs, than in such curiosity as grubs the soil from the seed to see if it is growing, or pulls down the house to examine the foundations; before launching any new measure, a Government ought to consider its advisability very thoroughly, but the measure once set in operation, the people affected—and not the Government—ought to be the first to show the necessity for a repeal of that measure. In the case in point, the question of the applicability of the Foreign Tariff to China's Home Trade, the little information I do possess leads me to believe, that the Foreign Tariff applied by a foreign staff to Home Trade will—at all events, at certain points—press less heavily on that trade than the authorised Native Tariff *if applied by the same staff*. The position you maintain rests so far on nothing but a question: you ask, is a Foreign Tariff applicable to Home Trade? and then you proceed to draw conclusions—not from established propositions, but—from a query still unanswered.

6.—As regards the offices of the Inspectorate, the question of their extension to other ports is one involving several considerations: into these I have not time to enter, nor is it necessary I should do so. It will suffice to say that while the chief objection to such an extension is that contained in the opinion that Chinese Governmental work ought to be done by Chinese officials, even that objection is invalidated, in this special connection, by the character of Chinese officials, and, that objection disposed of, other considerations are in favour of such extension, and point to it as expedient and proper.

7.—The two questions are, however, not questions to be settled by "chopping logic"; they involve many important considerations, and any decision would affect many interests. In the present despatch, I do not take up the discussion from the broader point of view and go into a detailed examination of the policy of either proposal, I answer your despatch as I have answered it, simply to show how it bears analysis. It is evidently both dictated and permeated by good sense, and it enunciates several important principles, but, so far, neither it nor those which preceded it supply the information or give the facts which alone would make good a claim to fuller consideration for the subordinate parts of the subject. A practical end aimed at, supported by the logic of incontestable fact, and justified by considerations of unquestionable expediency, would excuse a lengthier correspondence than has already passed between us; but the ventilation of such subjects may, I fancy, be left safely to others.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

T. DICK, Esquire,
Commissioner of Customs,
SHANGHAI.

Pilotage Regulations of 1868: Pilots refuse to renew their Licences.

INSPECTORATE GENERAL OF CUSTOMS,

No. 38

PEKING, 21st June 1869.

Tientsin Series.

SIR,

1.—I am in receipt of your despatch No. 52 of the 19th inst.: reporting that certain Pilots refused to give up their old and take out new Licenses, and asking my opinion on the Pilotage Regulations generally.

2.—In reply, I have to remark that, in my opinion, the Customs' Authorities ought to confine themselves, under present circumstances, to the work of 1°. examining candidates, 2°. licensing pilots and pilot-boats, and 3°. pronouncing suspension,—and ought to throw all other matters connected with the ordering of pilotage as much as possible on the Consuls. Foreign pilots are one and all extraterritorialized, and as they have in the end an appeal to their own authorities, it is best to leave it to their Consuls, as a general rule, to deal with them from the commencement. From Mr. Fontamier's letters in the "L'Energie" case, you can see what jealousy of encroachment exists, and in view of this and the little control the Customs' possess over extraterritorialized pilots, it is evident, that for the proper settlement of all questions of detail such as the present refusal to take out new licenses, much more will depend upon the Commissioner's private relations with the Consuls at the port, than upon instructions to be issued from this Office for his guidance.

3.—Rule 2 under General Regulation V. provides, that on the 1st July of each year, each pilot shall pay for the renewal of his License. I should therefore advise the Harbour Master to issue a notice at once, to the effect that the Pilotage Licenses of such and such persons, naming all the pilots, must be handed in to his office on the 1st July, when the renewed licenses duly signed by the Commissioner will be issued to all entitled to them on payment of the prescribed fee. On the 2nd July (making proper allowance for any pilot absent on the cruising ground) the Harbour Master should issue a second notice, stating that such and such persons, having not renewed their licenses, are no longer licensed pilots, for the port of Tientsin. The Commissioner has nothing to do in the matter *vis-à-vis* the public except sign and issue the Licenses; of course, privately, he is to advise the Harbour Master, and make sure

that his action is within the provisions of the Regulations. The Harbour Master should then follow up his notification of the list of persons entitled to act as pilots on and after the 1st of July, by a notice of the number of vacancies and of the day when the Board will meet for the examination of candidates; and, in the event of any one presenting himself as a candidate, and being one of those who had not renewed their licenses, his Consul ought to be moved to pronounce him disqualified or punish him in some marked manner for his neglect to renew his license, and *make him pay the fee* before being relicensed. I should however strongly advise you to come to a private and friendly understanding with the Agents of Insurance Offices at Tientsin, and induce them to issue a notice to the effect that they will not recognise as pilots any but those who carry the regulation license and conform to the published rules affecting pilotage: such a notice, on the part of Insurance Offices, would do more to strengthen the Harbour Master's hands than anything else I can think of.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. HUGHES, Esquire,
Commissioner of Customs,
TIENTSIN.

NOTE ON CHINESE MATTERS,*

BY

ROBERT HART,
Inspector General of Maritime Customs.

1.—Ever since my first arrival in Peking, in 1861, I have been urging the Yamén to move in the direction of what the West understands by the word Progress, and on scarcely any point have I spoken more strongly or more frequently than on the necessity for the

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establishment of a resident mission at the Court of every Treaty Power. To show how diplomatic intercourse is conducted, I translated for the Yamén that part of "Wheaton" relating to rights of Legation, Treaties, etc., long before Dr. Martin came to Peking. I regarded representation abroad as of paramount importance, and as, in itself, progress, for, while I thought that I saw in it one of China's least objectionable ways of preserving freedom and independence, I also supposed it would constitute a tie which should bind her to the West so firmly, and permit her to a career of improvement so certainly as to make retrogression impossible. Availing myself of the approach of the time for treaty revision, I urged the point on the Yamén more strongly than ever.

As first step, and by way of demonstrating to the official class that the West can be safely visited, and that the journey is neither very fatiguing nor very dangerous, I induced the Yamén to send Lao-yeh Pin and his party to Europe with me, in 1866, and, on my return to Peking, at the end of that year, I continued to argue for another forward movement. Thus it came to pass that, in September and October, 1867, the matter of representation abroad was talked of every time I went to the Yamén, and while Tan-ta-jén told me that, in a week or two, a decision would be communicated to me, showing that the Government was about to act at once on my advice, Wén-ta-jén added, that if I could be spared from Peking it was in contemplation to appoint myself to accompany the Chinese official on whom their choice was most likely in the first instance to fall. Thus, so far as representation abroad, generally speaking, is concerned, the Embassy now in Europe can scarcely be said to have been a spontaneous movement on the part of the Imperial rulers.

Towards the end of October, Mr. Burlingame went to the Yamén to pay his farewell visit, and in the course of it, I believe, he reminded the Prince that when formerly leaving Peking he had been requested, if the opportunity occurred, to make certain explanations in connection with the disbandment of the Lay-Osborn flotilla, and then went on to inquire whether he could do anything for the Yamén on the present occasion of leaving China. The Prince replied by some such jocular remark as, "Why, you might just as well be our Ambassador at once!" I style this remark jocular because, for the moment, there was nothing more intended than a pleasantry.

Dr. Martin was interpreting on that occasion, and he doubtless remembers what was said and the manner of saying it. Some days after that, Mr. McL. Brown told me that the Yamén had it in

contemplation to appoint Mr. Burlingame to be its representative to the Treaty Powers, and asked what I thought of it. I at once said that the notion ought to be supported, and on the following day I went to the Yamén and spoke very strongly in its favour. Tung-ta-jén said to me: "We were already seven or eight parts inclined to do it, but now that you approve of it so fully, we really are twelve parts for it: that is, we thought well of it before; we think more than well of it now."

At first, the idea was that Mr. Burlingame should be invited to go alone, or accompanied only by Mr. Brown; and the Yamén did not then appear to think that funds would have to be provided. I suggested that a Chinese Mission ought not to go without Chinese officials, and that Mr. Deschamps should be associated with Mr. Brown, as Secretary of Legation, and arranged for the funds to support the party, fixing the rates of pay, etc. Thus, although the establishment of Missions abroad was a step that had been urged on the Yamén for years, the selection of Mr. Burlingame may be said to have been spontaneous that is to say, he did not solicit the appointment; it naturally grew out of what at first was but a joke.

2.—The object with which the Yamén despatched the Mission, as I understood it at the time, was to cultivate and conserve friendly relations by explaining to each of the Treaty Powers the many difficulties that China cannot fail to experience in attempting to change existing conditions or to introduce novelties; to bespeak forbearance, and prevent, in so far as possible, any resort to hostile pressure to wring from China concessions for which the Government did not as yet feel itself ready, and to prepare the way generally for the day when China should not merely hear the words of foreign representatives in Peking, but should be able to address each Government in its own capital through a resident Chinese medium.

3.—So far as newspaper reports go, the object of the Mission has been misinterpreted, and the public have regarded it as promising, on the part of China the immediate performance of those very things which China sent the Mission to explain to the West are so difficult of performance; the impression created by the sending of such a Mission has besides been one that a generous, but ignorant and unreasoning public has itself done much to puff into still farther dimensions. Nothing but complete ignorance of China could have permitted the public to assume that the vast changes now looked for are regarded as necessary, and longed for by China herself, and nothing could well be more unreasonable than to suppose that such changes—even if felt by China to be called for—could be hurried forward, and given effect to in the short time in which the West

seems to expect them. The press, in its speculations as to the object of the Mission has completely overshot the mark: it has forgotten that not one Chinaman in ten thousand knows anything about the foreigner; it has forgotten that not one Chinaman in a hundred thousand knows anything about foreign inventions and discoveries; it has forgotten that not one in a million acknowledges any superiority in either the condition or the appliances of the West; and it has forgotten that of the ten or twenty men in China who really think Western appliances valuable, not one is prepared to boldly advocate their free introduction. The press has lost sight of the ignorance of the West that prevails in China, and has failed to notice the real and natural difficulties that oppose innovation, even where demonstrated to be improvements; it has altogether ignored the Chinese message—which is: “Remember our difficulties;” and has replaced it by words which mean, “We are ready for anything or everything; only say the word and it’s done!” Thus, hoping all things, but writing without authority, the press has not given prominence to what China really had to say, and has inferred from the arrival of the Mission much that, however likely to come to pass in the future, China certainly did not intend to publish as feasible now.

Although a man holding an important official position cannot divest his words of a peculiar official character, it seems to be only fair to allow a certain amount of latitude to after-dinner speeches; it is in the general drift of the speech, rather than in the general meaning of each separate clause, that the speaker’s thought is to be looked for. Thus, Mr. Burlingame’s speech at New York, harshly criticised as it has been, is in the main defensible, when it is remembered that, without doing the speaker the injustice of putting a stern matter-of-a-fact interpretation on every clause of each eloquent sentence, the burthen of his address to a generous, sympathizing audience, was: “Leave China alone, and all that you wish for will *in its own good time* follow.” That speech has been severely criticised, and it must be confessed that its language sounded strangely, read alongside contemporaneous occurrences in China; it naturally suffers most when its parts are individually and separately commented on, and judged of from the standing-point of fact in the past, rather than from its general drift, which is, to suggest hopefulness in the future; but taken as a whole—and making allowance for the festive occasion on which it was delivered—the speech was a true and telling one when regarded as intended to *sum up what would result from a policy of fair play and non-interference, rather than to describe things as they now are*, and thereon

to build a claim for fair play. It pleaded for non-interference rather from what would be likely to be the result of such a policy, than for it as justified by results already obtained.

The press has launched out into the greatest extravagancies, but China—and, in time, the world, too—will judge of the utility of the Mission by its official results, rather than by the newspaper criticisms of its representative's utterances, and while the Mission, I trust, is not likely to return to China without in some way advising the over-sanguine to moderate their expectations, when the novelty has worn off, the public will of itself commence to see that, for progress, involving radical changes in the customs and institutions of a country stretching so far away into the almost forgotten past as China, time must be given, and patience displayed. At the same time I cannot but fear that, if the public is determined to carry on the delusion, and will not see how unfounded its expectations are China, by disappointing those expectations, may, fatally for herself, find foes where all wished to be friends.

4.—When he asked if the Chinese authorities are themselves desirous of entering on a career of improvement, and, if so, in what direction and within what definite period, a categorical reply would be as much an injustice to the Western public, were it in the affirmative, as it would be to China herself, were it in the negative. To the mass of Chinese officials, the word *improvement* would convey no idea corresponding to that which is in the Western mind when scrutinizing the condition and prospects of China from the point of view that word suggests. From the memorials that appear daily in the Peking *Gazette*, it is abundantly evident that there is no lack of officials throughout the Empire who closely watch occurrences, who are desirous that wrongs should be righted, and bad ways abandoned for better, and who courageously and persistently give their opinions and offer their advice in the cause of improvement to the Emperor; but all such criticism relates to the internal affairs of China as distinguished from those affected by foreign intercourse, and all such suggestions appealing to past purity, rather than to future advancement, founded on ethical precepts and ending in moral platitudes, fail to touch those points which the Western mind regards as at the base of all progress; in a word, material improvement (in its widest sense, and suggestion of freedom of action in the development of resources and creation of industries) is never hinted at. But this cannot be wondered at; for the majority are ignorant, and but few of the minority are appreciative in the little knowledge they do chance to possess. Some forty officials in the province, and perhaps ten at Peking, have a glimmering notion of

what it is that the foreigner means when he speaks in general terms of progress, but of those fifty, not one is prepared to enter boldly on a career of progress, and take the consequence of even a feeble initiative. In this connection, and at this point, I would call attention to a memo. which accompanies this note, in which I argue that progress *has* commenced, and will flourish in China, reasoning much as follows:

"To secure progress for China, with her present suspicions and past isolation, China must: First—either be allowed to move at her own pace, and develop after her own fashion; or, Second—she must be advised into advancing; or, Third—she must be forced into progress by either (a) individual management, (b) coercion on the part of one foreign Power, or (c) pressure applied unanimously and conjointly by all Treaty Powers. But Treaty Powers have not identical interests, and will not combine to urge advancement on China. A single Power's attempt even if disinterested, to coerce China into progress is certain to see its own object defeated by the readiness with which China would take advantage of the distrust and jealousy of some other Power to oppose an inert resistance to the efforts of the would-be foster-mother. Individual management, personal influence apart, simply means trickery, and is sure to collapse. Advice is but thrown away, and even does harm by creating suspicion and gratuitously evoking opposition. Thus, the result of an examination of the conditions which now exist and surround the problem of progress for China, leaves us with but one other alternative, and that is, to see if, when left to herself, there is a probability of real and healthy advancement. Left to herself, will there ever be a start? *That start, I maintain, has been already made.* The condition of all progress is, that a want shall be felt; it is when a want is felt that the mind seeks to supply it, and some wants are such, that in the attempt to satisfy them, they create other wants; there is a fountain want, which once tapped, will make a channel for itself and rush onwards in a vivifying stream. China has such a master want—the want of material strength, and, in natural life, to feel that want is at the bottom of all wants—it is the parent of all progress; she is attempting to satisfy that want; in that attempt to supply a want to which she has become keenly alive, other wants are making themselves felt, and the number of wants will increase, and just as she succeeds of herself in supplying one, so will China's determination to satisfy the others become keener, and be exercised after a more intelligent fashion. Thus, in her attempt to become strong physically, China has, to my mind, entered upon a career of improvement, and will, step by step, develop resources, create

industries, and achieve progress materially, intellectually, morally. I therefore am daily more inclined to believe that the true policy is to 'leave her alone'—not that I am satisfied with the rate at which she progresses, but that I think, given the conditions which do exist and cannot be ignored, China is most likely to come to good in the end with benefit to herself and harm to none, if allowed to go along at her own rate, than if dealt with after a fashion of which the chief characteristics would be constantly resuming acts of violence, and that foreign dictation which breeds revolt, and checks healthy growth and natural action."

Thus without going the length of saying that the Chinese authorities themselves consciously are desirous of entering upon a career of (what we style) improvement, I feel I can safely assert that China has commenced to improve, and that progress, although slow at the start, is certain to roll onwards with a daily increasing momentum, and in a daily increasing ratio.

5.—As to the audience question, there is no doubt that there is a growing feeling among certain officials who know of the existence of such a difficulty, in favour of its settlement by the reception of foreign representatives. But, even supposing some of the most influential advisers adopted and put forward the foreign view, I cannot with confidence predict a pacific solution of the question. [And I am of opinion, when it does come up, that Westerns will either have to fight for it, and by carrying their point, place relations with China on a sure footing for ever, or withdrawing from the demand for an audience, acquiesce in inaugurating a policy of which the sole view will be to drive out the foreigner as speedily as possible.] At the present moment no Chinese Minister would be hardy enough to advise the Emperor to depart from Chinese ceremonial and receive foreign representatives after the foreign fashion. When the question opens, an attempt will possibly be made to prolong discussion on the ceremonial to [be observed and trust to their embarrassing and interminable length to either gain time to mass troops round Peking or] induce the Minister concerned to withdraw his demand; possibly, too, the Chinese may not refer to the ceremonial at all, and simply arrange for a meeting in the palace gardens. [A solution of the question which would be as fatal to beneficial and friendly intercourse for the future as it would be derogatory to the nation whose representative would consent to it. In other matters, progress may be waited for, courted, and accepted, bit by bit, in the hope that something better will come of it; but in this matter of audience, to consent to anything but a proper formal reception, will establish a precedent, and building up the

Court in its pride, will leave to the future the task of its rearrangement, and that, too, with a far greater expenditure of men and means, than a proper settlement, when the Emperor comes of age, would possibly call for.] At the present moment the Emperor's chief tutor is Wo-jen—an obstinate old man, ignorant of everything outside of China, and perfectly rabid against foreigners; and, however anxious Wensiāng and his three or four colleagues may be to keep the peace, they will probably lose office, influence and life if, on the subject of audience, they dare to initiate a proposal to receive foreign representatives on the same terms as the members of the Embassy have been received in the United States and Europe. It may be a debatable point with some whether the audience question ought or ought not to be raised; but once mooted, there can be but one opinion as to how it ought to be solved.

Foreign intercourse cannot now be opposed, and it is China's own interest that foreign Governments should act firmly in the settlement of a question which, unsettled, is an existing misunderstanding, and at any moment likely to lead to unhappy interruptions of friendly relations. Had it been managed in 1860, matters would now wear a much more encouraging aspect.

6.—The event of the day is, of course, the publication of the additional articles negotiated with the United States.

These articles *may* be of use to Chinese in California (though indeed I hesitate to say so, knowing that such an opinion suggests, as at its foundation, the idea that the citizens of the United States do not treat Chinese fairly, and is therefore the reverse of complimentary to either citizens or Government), but I question to what extent they will exercise a beneficial influence in inducing or encouraging China to press onward in a career of improvement. It is altogether a mistake to think that China feels more kindly to the United States than to other Powers, and the additional articles have really nothing in them (so far at least as the surface shows), that did not exist before in the shape of generally acknowledged principles of international intercourse. I heard one remark in this connection, and that was that these articles unnecessarily admitted on paper, on the part of China, physical inferiority to the United States, and claimed, on the part of the United States, the ability but foreign right, to compel Chinese to do what in the articles the United States promises not to compel her to do; and it was evident that such a way of putting it was not regarded as creditable to China. I do not enter on any discussion of the effect expected to be produced in favor of China on the policy of other Powers by the

example set when the United States led the way, and signed articles of which the drift seems to be that China may do as she pleases, and that the United States will in no case interfere in her affairs.

7.—As regards Article VIII, more particularly, whatever its other effects may be, I do not think it at all calculated to hasten progress; indeed, taking my view of progress in China, and regarding it as likely to be accelerated in proportion to the acuteness to which China feels the wants of material strength, I fancy that, were all countries to join in making the same sort of a treaty, the result would be that China's feeling of want of strength would be weakened, and her progress proportionately retarded, if not stopped. And, in this connection, it must not be forgotten that the feeling of want of material strength in China is attended now by a sister want: China is gradually feeling *how difficult it is, and yet how necessary, to acquit herself of her treaty obligations*, and this feeling gives force to the power wielded by the preception of want of strength. Her central weakness goes hand in hand with her external, and her want of ability to give effect to promises with her inability to oppose dictation; give her reasons for growing strong externally, and she will become proportionately the more capable of performing her compacts internally. I am not arguing in the sense of advocating the propriety of holding out something *in terrorem*, but in the sense of questioning the expediency of doing anything calculated to weaken the very proper feeling that leads every country to desire to secure her own safety by increasing her strength, as her knowledge of her requirements grows. Chinese ignorance, too, may lead her into false views of such action, and then into unhappy mistakes. The Chinese are trying to become strong, and that they discern the commencement of changes therein, but simply to be strong enough to prevent the foreigner from forcing China to accept those changes, or adopt the appliances of the west, before she wants them. Left to herself, but with influence all around tending to confirm her in her feeling of want of strength, and not calculated to send her asleep in her weakness, China will grow strong slowly; and, in endeavouring to supply the want felt and acquire material strength, she will step by step create other wants, and one by one develop resources, and will in the end adopt those very appliances which she at the outset rejects and prepares to oppose.

The motives with which China now works will sooner or later bring rail and wire of themselves; and while force would harm China, and a premature introduction of rail and wire ruin speculators, it is on the other hand to be remembered that to promise not to force her to improve, would be simply to deprive China of her

greatest motive for attempting what must end in progress, namely, that feeling of insecurity, and that desire to provide against contingencies, which induce exertion, and which are initiating a course of action that must of itself bring progress and all its appliances in its train. And, as regards residence in the interior, and the navigation of the inland waters by foreign steamers (the question of the expediency or utility of such measures apart), I fancy such concessions could only be looked for from Chinese when treaties contain them as rights, and will not in any degree be furthered, but the reverse, by treaties which go out of their way to disclaim them.

However advanced the Chinese may be in civilization, it is not to be forgotten that their civilization is not a Christian civilization; they are Asiatics, too, and there is a pride of race about them that leads them to tread upon the neck that bends, rather than to lift the head that touches the dust, when its owner is an alien.

It is the keen-sighted policy that will not permit shuffling—the just policy that will not claim what it has not a right to—the firm policy that will not retract from a demand once made—and the personal policy which bases its just requirements on its own, and does not argue for their satisfaction from the point of view of Chinese interests, that will be most likely to command success; any winking at obligations neglected—any claiming of what cannot fairly be laid claim to—any retreating from a position taken up—and any advocacy of measures as favoring Chinese rather than foreign interests, only tend to cause misunderstanding, breed wrangling, invite insult, arouse suspicion, and evoke an unexpressed, but action-inspiring scorn. I am not for coercion—I am not for truckling; I think the question ought to be looked at all around, and viewed broadly, and those points at which interference is expedient clearly distinguished from those at which it is inadmissible or likely to do harm. The West does not understand China, nor does China understand the West, and a just mean is surely to be found between the view of the men of the day in China, who want everything done in their time, and of those who, far away from China, oscillate between extreme exertion and extreme quietude. The best treatment for the future would seem to be found in that policy which insists that China shall scrupulously carry out her obligations, written and unwritten, to foreign powers, and which leaves her to develop internally after her own fashion; to insist on the first will accelerate improvement in the second, but to interfere on the second will introduce heterogenous questions which are only too likely to work mischief for the first.

I stop here not that I have exhausted the subject, but that I am likely to go beyond the ground intended to be covered by this note.

PEKING, 30th June 1869.

Collection of Duty on Opium imported into Kwangtung Province.

No. 123
of 1870.

CUSTOM HOUSE,
CANTON, 28th December 1870.

SIR,

1.—Enclosed herewith I have the honour to transmit to you copy of a communication addressed by the Superintendent of Customs to the Governor General on the subject of the collection of duty on Opium imported into the Kuang-tung province.

2.—The Haikuan has informed me verbally of his intention to establish stations for the collection of Customs' duty (on Opium only, at first, but ultimately on all foreign goods) side by side with the "Chou-li" stations surrounding Hongkong and Macao, and he has further requested me to purchase for him two steamers to assist in the collection.

3.—The plan he proposes to adopt is identical in its main features with that discussed with you during your recent visit to Canton. A cordon of stations is to be drawn round Hongkong and Macao; guard boats with Yamén Officials on board, are to be stationed at points commanding all approaches to the two ports, and all Opium found unprovided with the Haikuan's stamped certificate will be liable to seizure and confiscation. Certificates and stamps will be issued by the Yamén and will most probably be purchaseable in Hongkong and Macao as is at present the case with licenses to import salt and other articles of contraband. To ensure submission, and effectually curb all attempts at resistance or evasion, three steamers, two of small tonnage and light draught and one of greater size and power will be commissioned to visit the stations and cruise in their neighbourhood to uphold, and if need be, enforce the Haikuan's authority. Possible embroilments with the Government of Hongkong and Macao, will it is supposed be avoided, by a liberal interpretation of boundaries in favour of the two colonies, and by a rigid restriction of the rights of search and seizure to duly recognized provincial territory.

4.—The Haikuan is aware that the subject is under consideration at Peking, and his action in the matter is possibly prompted by a not unnatural desire to anticipate the Foreign Customs' in the collection of the duty. He is professedly desirous that the work of collection should be undertaken by this Office, but declares that it is imperative on the Native Customs' to commence the task inasmuch as the Foreign Inspectorate can have no claim to control over goods carried in Native vessels. This statement, however, true in point of fact, is in direct contradiction of the Memorial (of which I enclose a copy) on Canton Customs' matters presented by the Officials of the Province at the instance of Chiang, Fu-tai in July 1866, in which it is declared, that all duties on foreign goods carried in Native Craft are collected by the Foreign Inspectorate. The amount of the annual contribution of the Canton Native Customs to the Peking Exchequer, was presumably based on the authority of this Memorial, and possibly on the very mis-statement to which attention is now directed. Opium duty is however, not included in the annual contribution, but the total amount collected is expected to be reported and remitted to Peking. The amount involved is extremely large. On the most moderate computation it is more than four times as much as the sum at which the present annual contribution is fixed. Hence it is only reasonable to infer that the Haikuan will be very reluctant to admit of any interference which would check the anticipated increase in the gains of his Office, and divert the greater portion of the sum collected to the Imperial Treasury. The assistance he will require or accept, from me, will no doubt be confined within very narrow and jealously guarded limits. Accurate returns of the duty collected, certificates issued, or opium passed, will assuredly be carefully withheld, with the view of remitting to Peking as the actual total, without fear of check or contradiction, an infinitesimal share of the amount really levied. If it were possible for the 領數 to be so increased as to include the estimated amount derivable from the Opium at present smuggled into the province, the Superintendent would perhaps transfer the collection to the Inspectorate and allow the sum collected to be included in our Returns. Such an estimate might be not unfairly based on the ascertained quantity by which the Hongkong importation exceeds the entries at the Treaty Ports, allowing a certain margin for local consumption; or on the amount of "Chou-li" reported by the Treasurer of this province as collected at the Stations surrounding Hongkong and Macao.

5.—The recognized canon of taxation—that the State ought to obtain as much as possible of the whole amount which is really

levied from the tax-payer—is applicable to opium notwithstanding its exceptional character; and it is manifestly undesirable that the collection of so large a portion of what is virtually the Import duty of China, should be undertaken in a manner which though national, is costly, corrupt and unsatisfactory. Apart from any consideration of morality or revenue, it is further a matter of importance to the general interests of trade that the duty should be fairly and equally collected with due regard to uniformity; and that no reductions should be allowed at one Port to the prejudice and diversion of trade from another. No matter how partial, irregular and uncertain the incidence of the duty may be, it seems highly probable that even the Superintendent's scheme if carried to fulfilment and successful in its operation, will augment in an indirect manner the receipts of the Foreign Customs. For Native merchants, finding that payment of duty is not to be evaded, will naturally resort to the cheapest, safest and most expeditious mode of transport, and will ship the opium intended for consumption in Canton City and its neighbourhood, by steamers which report and pay their duties to this Office. It is true that any very material difference between the rate levied by the Superintendent and that collected here will serve as a premium on Native Craft, but though a sum considerably below the Tariff rate will doubtless be charged at the Stations, the rapacity of the Native subordinates will probably swell the ultimate payment to some approximation to the T. 30 per picul, and thus make it possible to ship with profit in foreign craft.

6.—The Governor General has given a verbal assent to the Haikuan's proposal, and members of the several guilds are now in consultation with the Superintendent's mûn-shang respecting the arrangement of the details. Unless, therefore, immediate measures can be taken the revenue derivable from opium will be lost to the Inspectorate and the Imperial Treasury. It may be possible to delay the actual execution of the scheme until receipt of your reply to this despatch, and I shall await your instructions as to the course to be pursued and the nature and amount of assistance to be rendered, with much anxiety and impatience.

I am, etc.,

(signed) E. C. BOWRA,

Actg. Commissioner.

Collection of Duty on Opium at Stations near Hongkong and Macao.

INSPECTORATE GENERAL OF CUSTOMS,

No. 6

PEKING, 9th February 1871.

Canton Series.

SIR,

1.—I am in receipt of your despatch No. 123 of the 28th December:

concerning the collection of duty on Opium at stations close to Hongkong and Macao:

2.—In reply, I have, first, to enclose copies of a despatch addressed by me to the Yamén on this subject before yours arrived here, and the Yamén's reply just received. From these you will see that the Yamén and Board of Revenue have conjointly memorialised that my suggestions may be given effect to: the Yamén's reply, read alongside of your despatch is not very clear, and leaves it almost in doubt whether the Commissioner of Customs at Canton is to take action in this matter, but, from its mention of Mr. Dep. Commr. Brown's name—to whom, under yourself, I intended to give special charge of the Opium stations—it may be inferred that the Yamén expects the plan of action to be arranged by Hoppo and Commissioner.

3.—I have, secondly, to point out that, if the work of collection is to be done by our office staff, the amounts collected are to go into the report of Import Duties collected on Opium: if the work is, on the contrary, to be managed by the Hoppo alone, the collection will form part of the *Ch'ang Shui*, in which case, to the sum for which the Hoppo is held liable (*é-shu*) by the Board, *Tls.* 156,511.941, there will be added an Opium liability of at least *Tls.* 600,000 to commence with.

4.—If the work is, thirdly, to be undertaken by our Office, you will employ the necessary number of Chinese Guard-boats and place the three Rev. Steamers on duty at the proper stations, with Mr. Dep. Commr. Brown on board the "P'eng Chao Hai" as superintendent under your orders, and you will deduct from the collection *Tls.* 10,000 a month for the support of the stations (steamers, etc. included).

On the other hand, if the work is to be done by the Hoppo, he may have the use of the "Fei-Hoo" and "Ling-Têng" for that purpose, for 5,000 taels a month.

5.—With these general remarks, I leave to yourself to arrange the business in whatever way you see fitting: you will keep me fully and speedily informed of all you may do in this connection.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

E. C. BOWRA, Esquire,
Actg. Commissioner of Customs,
 CANTON.

No. 94
1871.

CUSTOM HOUSE,
 CANTON, 6th June 1871.

SIR,

1.—The collection of Opium duty at the Stations round Hongkong and Macao has again been discussed by the local Authorities, and I have now the honour to report that the Haikuan has decided, with the consent of the Governor General, to wait no longer for reply to the reference to Peking—made at the instance of Mr. Consul Robertson some two months' since and duly reported in my despatch No. 43 of the 25th March.

2.—The favourable decision of the British Minister and the Tsung-li Yamēn is to be anticipated, and collection of the duty is to commence at all the Stations on the 1st day of the 5th moon,—the 18th of the current month. A joint proclamation has been drawn up, and will be duly communicated to the Treaty Consuls and made public within a few days. Wei-yüan in charge of the collection are to be jointly appointed by the Governor General and the Hoppo.

3.—The Governor General professes himself still desirous of awaiting the result of Mr. Robertson's reference, and declares that he merely yields to the impatience of his colleague. As, however, the present Consul does not endorse Mr. Robertson's views, but

informs the Viceroy that he regards the matter as one beyond his province and in which he has no right to interfere, the Governor General does not see any necessity for further delay, and therefore assents to the Hoppo's repeatedly urged proposal for immediate action.

4.—The Haikuan has addressed to me an official request for the services of the "Ling-Fêng," which vessel he proposes to station at Fu-tou-chow (佛頭洲) in the immediate vicinity of Hongkong. The other stations will be guarded by native boats and patrolled frequently by the "Pung C. Hai" and the "Shun-Chi." The "Pung-Chao-Hai's" station for the present, will be between Chang-chow (長洲) and Yung-shu-wan (榕樹灣).

5.—I enclose herewith copy of the proclamation which it is proposed to issue.

I am, etc.,

(signed) E. C. BOWRA,

Actg. Commissioner.

Sale of Vessel to Hoppo for Preventive Work.

CUSTOM HOUSE,

No. 93

CANTON, 6th June 1871.

1871.

SIR,

1.—I have the honour to inform you that H.E. the Haikuan is desirous of purchasing from the Inspectorate the Rev. Str. "Pung-Chao-Hai" and that he has requested me to effect the transfer as speedily as possible.

2.—I have ventured on your behalf to assure H.E. of your willingness to oblige him by compliance with his request, and the sale of the vessel may be regarded as completed. I have suggested to the Haikuan that the cost of the Steamer Taels 120,000, should be defrayed by twelve monthly instalments of 10,000 taels each, and, although I have at present nothing but a verbal assent to this arrangement, I have no doubt that it will be faithfully carried out.

3.—As regards the appointment of Captain and Officers,—in which matter the Hoppo requests my good offices,—I propose, with your assent, to offer the command of the vessel to Captain Vassallo,—an Officer who may be conscientiously recommended and confidently relied upon. I have thought right to apprise Captain Vassallo of my proposal, and have requested him to ascertain your views and wishes in the matter.

4.—Meantime Captain Nicolas assures me that he will refuse to recognize the transfer, and he declares that he shall retain charge of the vessel until removed by the same Authority as that which placed him in command. The vessel is required for immediate service, and, Captain Nicolas states that he cannot reconcile himself to serve under the local native authorities. I am not, however, without hope, that, under existing circumstances,—recognizing that delay or inaction would probably result in loss of the opportunity of sale,—I may induce him to execute such orders and discharge such duties as may be required of the vessel, pending receipt of your instructions.

5.—Should Captain Nicolas refuse to carry out present orders, or to hand over the vessel to another officer, I fear unpleasant complications, including possibly loss of the chance of sale, may arise; as I am by no means clear that I have power or authority to dispossess him of his command.

I am, etc.,

(signed) E. C. BOWRA,

Actg. Commissioner.

INSPECTORATE GENERAL OF CUSTOMS,

No. 50

PEKING, 23rd June 1871.

Canton Series.

SIR,

1.—I am in receipt of your despatches No. 93, No. 94, and 95: concerning the sale of the Revenue Str. "Pung Chao Hai" to the Hoppo and the collection of Opium Duty near Hongkong and Macao.

2.—In my despatch No. 45a, duplicate enclosed, I have instructed Captain Nicolas to place the "Pung Chao Hai" in your hands, and, in authorizing you to dispose of that vessel to the Hoppo, I have requested you to be careful to arrange for the payment of her cost by regular instalments. I telegraphed to you to the same effect, and I trust the objections that were being made by Captain Nicolas have been removed, and the matter of the disposal of the steamer arranged to the mutual satisfaction of the Hoppo and yourself, as my representative. Now that the Hoppo has determined to proceed with the collection of the Opium Duty at the Chou-li Stations already existing, I do not anticipate any objection on the part of the Yamén to the payment of the amount the vessel originally cost, which, with the expenses attending her voyage to China, may be put down in round numbers as 120,000 Haikwan Taels.

3.—I shall make no objections to the command of the "Fei Hoo" being resigned by Captain Vassallo in order to take that of the "Pung Chao Hai," but, on doing so, it will be necessary for him to return the letter of appointment signed by myself and now in his possession. For his own security, you will do well to obtain an appointment for him in Chinese under the official Seal of the Hoppo, or better still, if you can obtain it, under the conjoint seals of both Viceroy and Hoppo. Captain Vassallo is an excellent officer and I consider the Kwangtung Province will be fortunate in having the services of a man of his standing, loyalty of character and professional ability. I enclose a despatch No. 50a to Captain Vassallo's address.

4.—As regards the collection of duty at the Chou-li Station near Hongkong and Macao, Mr. Consul Hughes is perfectly correct in the opinion he has expressed: it is a matter beyond the province

of the Consul, and entirely within the power of the Chinese Authorities to settle for themselves. But the Chinese Authorities will require to observe great caution, and the officers commanding their cruisers, or in charge of the stations, must be constantly on their guard in the action they take affecting any vessel,—Chinese or foreign—within what are internationally considered the Hongkong or Macao waters, or, if outside the limits of these waters, affecting any vessels entitled to fly the flag and claim the protection of any foreign power. In many ways, I am glad that the Hoppo is acting with decision: as he has taken the matter into his own hands, it will relieve the Inspectorate of odium and annoyance, and, whatever supervision you may exercise in the general interest over the vessels, etc., you will do well to let it be known that the action taken generally is the Hoppo's, and that no responsibility attaches to yourself or the Inspectorate.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

E. C. BOWRA, Esquire,
Actg. Commissioner of Customs,
CANTON.

Establishment of Opium Duty-collecting Stations
round Hongkong.

No. 111
1871.

CUSTOM HOUSE,
CANTON, 11th July 1871.

SIR,

1.—The collection of duty on Opium carried in native vessels, in accordance with the project previously reported to you as about to be put in operation by H.E. the Haikuan, was duly commenced at the stations round Hongkong on the 10th day of the 5th Moon—the 27th ultimo.

2.—In the neighbourhood of Hongkong the stations have been established without difficulty or opposition, and although, as might be expected, but little duty has been collected up to the present date, there seems to be no reason to anticipate any obstacles in the future. The Governor General's Chow-li stations have been availed of for the purpose of collection, and a few additional guard boats, aided by the occasional visit of a steam cruiser will, it is thought, afford sufficient support and ensure observance of the Regulations.

3.—At Macao, however, the proposal to establish a station at Kung-pai-wan (拱北灣) has been met by the Governor with a most peremptory and unhesitating refusal. The enclosed copies of correspondence between the Viceroy and Haikuan on the one hand, and the Governor of Macao on the other, will serve to show the present position of affairs, and the nature and strength of the objections and arguments respectively advanced.

4.—On receipt of the despatch marked (b) H.E. the Viceroy deputed the Fu-chiang, Peng-Yu-li (彭玉立) to convey his reply (c) to Macao, and sent with him, as an escort, four vessels of the Provincial flotilla, the "Ngan-lan" (安瀾) the "Tien-po" (恬波) the "Sui-ching" (綏靖) and the "Fei-lung" (飛龍). In addition to forming an escort for the Viceroy's Wei-yüan these vessels were ordered to co-operate with and assist the Haikuan's cruisers, in collecting the duties, while the question was under discussion, and pending its ultimate settlement. The Haikuan likewise wished the "Pung-Chao-Hai", the "Ling-Fêng" (凌風), the "Shen-chi" (神機) and the "Chien-juy" (健銳) to be sent to Macao at the same time, and he requested that orders to this effect should be transmitted to the Commanders of these vessels. Apprehensive that the rendezvous of so many Chinese Gunboats in Macao Harbour, might provoke trouble or bring about unwelcome complications, I called upon the Haikuan, and pointed out that this display of force would probably tend to defeat, rather than to aid, the negotiations, as it could not fail to be looked upon by the Portuguese as an attempt to intimidate and overawe them, and would thus be calculated to rouse a spirit of opposition and resistance. I further pointed out, that, if by any chance hostilities were provoked, the Customs' gunboats would be unable to render any active assistance against the Portuguese, and that the Commanders and crew, being British subjects, were precluded by an Order in Council from taking any part in such conflict.

5.—In reply the Haikuan declared that there was no intention whatever, of either using force or menacing Macao into compliance;

but, that it was intolerable that Macao should pretend to dictate to China or assume a veto on Chinese proceedings on Chinese soil; and, that by sending down the several steamers, the readiness and ability of the Canton Authorities to suppress all smuggling by a blockade of the port would be made apparent; that the Revenue Steamers should only be employed for Revenue purposes; and that their presence in Macao would probably have a most salutary effect in checking the designs of smugglers. Moreover, the matter was now in the hands of the Viceroy, and a promise had been made that the vessels should go in company.

6.—Failing to convince the Haikuan of the impolicy of this proceeding, his orders were duly transmitted to the Commanders of the several vessels, and the attention of the Officers on board was directed to that clause of the order in Council of 1865, concerning the penalty incurred by British subjects serving with the forces of the Emperor of China without license of H.B. Majesty.

7.—The steamers arrived at Macao on the 26th June, but the Governor declined to discuss the matter with the Viceroy's Wei-yüan until they had left the port. The guns in the forts were trained upon the vessels; the ports of the Portuguese frigate the "Duque de Pamella" were opened and her guns run out; and the Brigadier Pêng was requested to order the vessels to leave the Harbour.

8.—Pêng-lao-yeh protested that his intentions and his orders were of a most pacific character; that the vessels had only come to assist in collection of the duties while the question remained unsettled, and that since it was desired, they should immediately remove and take up their stations outside. When this was done, and all the vessels save the "Pung-Chao-Hai" had left the Port, the Governor resumed negotiations. He declared that he could not permit the establishment of the station at Kung-pai-wan (拱北灣), but that he had no objection to offer to stations at any point distant not less than three miles.

9.—He then sent his aide-de-camp and the Captain of the Fort with Pêng-lao-yeh, to point out San-wan-chai (三灣仔) which he considered suitable. This, however, was at once declared by Pêng-lao-yeh unavailable by reason of its remoteness and the shallowness of the channels. The Governor would make no other concession, refused to entertain a proposal for an establishment at Ma-liu-chow (馬羅洲) and threatened to insist upon the removal of the Viceroy's Li-kim station, established at Kung-pai-wan some three years' since.

10.—Pêng-lao-yeh referred again to Canton for further instructions, and meantime the Haikuan's gunboats, assisted by those of the Viceroy, have been stationed at such positions as will enable them to command the various entrances and exits of the Macao Harbour, and all junks entering or leaving the port will be searched and compelled to pay duty on the Opium they may carry. Many West Coast junks with valuable cargoes are waiting in Macao for the settlement of the question, but delay being expensive, these vessels will probably acquiesce in the inevitable before long, pay the Tariff duties *sub-rosa* at the Chou-li station at Kung-pai-wan and proceed on their voyage.

11.—The blockade is tolerably complete and can scarcely be evaded. The "Ling Fêng" is at Nine Islands and will intercept and search all boats to and from Shek-lung (石龍), Tai-ping (太平) and Chen-chun (陳村). The "Pung-Chao-Hai" is at Kai-keng (鷄頸) and will search boats bound to and from the West Coast and Hainan. The "Tien-po" (恬波) and "Sui-ching" (綏靖) guard the Shap-che-moon (十字門) and the "Shen-Chi" (神機) and "Ngan-lan" (安瀾) the Mo-to-moon (磨刀門).

12.—The Governor General and the Haikuan are much incensed at the attitude and language of the Macao Authorities. Both declare that it is impossible to yield the point in dispute and submit to be tamely deprived of the right of exercising jurisdiction over Chinese subjects in indisputable Chinese territory. The Governor General dwells with much emphasis at this juncture on the evils and horrors of the coolie trade, the continual massacres and risings with which it is attended; and he declares that the unwarrantable assumption of the Portuguese Authorities cannot fail to raise the question as to their right to occupy Macao.

13.—I enclose herewith a Memorandum of conversations on the subject held with both Haikuan and Viceroy on the 7th and 8th instant respectively. From the tenor of these, you will see that there appears little prospect of speedy settlement by compromise, though the Haikuan comments with some bitterness, on his colleague's weakness and pliancy, and professes to believe that he will eventually yield the point.

14.—As regards Macao Mr. Markwick (who, in an unofficial capacity accompanied Lu-meng-sung in the "Pung-Chao-Hai") reports that great excitement prevails in the settlement. Charges of complicity with the Chinese in destroying the freedom of the port, are freely preferred against the Governor, and two conspiracies to seize his person and assume the Government have been already detected and checked while still in embryo.

15.—The blockade of the Colony will probably be continued until some satisfactory settlement of the question shall be arrived at, and of this there appears to be but little prospect unless international arbitration be resorted to. The interests of the foreign Customs being nearly concerned in this matter and my opinion having been requested, I have not hesitated to express my own convictions to the Viceroy, though I have been careful to explain that I speak merely as a private individual and in an unofficial capacity. I have endeavoured to point out that the only way of settling the questions now raised appears to me to be by means of a remonstrance addressed through the Tsung-li Yamén to the representatives of the various Treaty powers. Portugal derives a very small annual revenue from Macao and would not improbably yield possession, if pecuniary compensation, amounting to some few years purchase of the revenue, were offered by the Chinese. Other Western powers finding that their commercial interests are endangered, the safety of their subjects in the interior imperilled, the honour of all foreigners tarnished and all chances of progress hampered and retarded by the shelter afforded by the Portuguese flag to many enormities and iniquities, might possibly be brought to endorse the proposal, and recommend its acceptance to the Government of Portugal. It would seem that Foreign powers could scarce refuse their sanction and support to a proposal calculated to change Macao from the position it at present occupies—that of a possession forcibly and unwarrantably held by a foreign power, to that of a Treaty Port, where emigration and commerce might be legitimately and profitably carried on. It is obviously to the interest of all Treaty powers and their subjects engaged in honourable commerce, that the anomalous position of Macao in relation to the Chinese Empire should be enquired into and settled once for all; and it is surely not unreasonable to expect that Western powers, impelled at once by interest and duty, might join in removing a dishonourable blot on foreign intercourse and in remedying a state of affairs productive of much present trouble and foreboding many future difficulties.

16.—I trust I have not exceeded my duty or wandered from my legitimate province in the expression of these views to the Governor General. Sincerely convinced that Macao is a hindrance to the advance of civilization in China, I have felt myself constrained to give utterance to my convictions and to point out the only remedy for the evil which appears to me likely to be found either feasible or efficient.

17.—The Governor General awaits the return of his Deputy and the result of a final communication, and, failing satisfactory

settlement of the present dispute, will probably join with the Haikuan in a Memorial to the Throne and a reference to the Yamén in respect to the occupation of Macao, and the many questions that occupation involves.

I am, etc.,

(signed) E. C. BOWRA,

Actg. Commissioner.

Opium Duty-collecting Station outside Macao.

CUSTOM HOUSE,

No. 136

1871.

CANTON, 5th August 1871.

SIR,

1.—Enclosed herewith I have the honour to forward copies of further correspondence, between the Viceroy and the Hoppo on the one hand, and the Governor of Macao on the other, relative to the disputed question of the Opium Station at Kung-pai-wan.

2.—As regards the position of affairs and the claims respectively urged, the correspondence is sufficiently explicit and requires no comment; but, as regards the reference to myself and my action in the matter, a few words of explanation may not perhaps be deemed unnecessary.

3.—In my despatch No. 132 of the 31st ultimo, I informed you that compromise appeared probable, and that a speedy settlement of the question in dispute might soon be looked for. In this belief, and without any thought of interference, I determined to take a few days leave of absence, as reported in my No. 134 of the 31st July. Before leaving Canton, I received a visit from the Hoppo, who informed me that all was going well, and that he thought all difficulties in regard to the collection were now removed. In the event of any unforeseen obstacle presenting itself, he trusted that he might rely on my assistance, and to this end he had instructed the Wei-yüan in charge of the matter at Macao, to refer to me if he

thought it necessary. Considering this merely as a compliment, and not expecting that I should be able or required to render any assistance in a matter beyond my province, I left for Macao, and was somewhat surprised to learn, upon arrival, that the dispute respecting Kung-pai-wan appeared further than ever from satisfactory settlement. The site allotted to the station by the Governor of Macao, Ma-liu-chow, was altogether unsuited. The channel it commanded was extremely shallow; and the island itself so rocky and precipitous that there was no where on its surface a level spot on which to erect a station, and no where on its shores a suitable place for the construction of a jetty, and, moreover, the Governor would only allow a station on this unsuitable and inconvenient spot, on the condition that the "Chow-li" station at Kung-pai-wan should be at once removed.

4.—The Viceroy's Wei-yüan had no authority to assent to this condition, though he was empowered to accept Ma-liu-chow as a substitute for Kung-pai-wan; and the Governor of Macao declared that the station should not be built at Ma-liu-chow until the Chow-li station at Kung-pai-wan had been removed.

5.—Great excitement on the subject prevailed in Macao. The presence of the several steamers anchored in sight of the Praya, gave rise to innumerable and most ridiculous rumours respecting the ultimate intentions of the Chinese Authorities. It was declared and believed by the Portuguese troops that they were to be sold to the Chinese at \$5 per head, and no efforts were spared by the coolie brokers and those interested in the coolie traffic, to stir up the disaffection—latent and avowed,—which the Governor's recent action in reference to Emigration had served to provoke. A most threatening attitude was displayed towards the Revenue Cruisers, and their movements were watched with extreme suspicion. Guns were carefully trained upon them from the forts. The slightest change of position, even the lowering of a boat, would induce a call to quarters and a rush to man the guns; while night alarms were of frequent occurrence. Officers or sailors from the Viceroy's or Haikuan's vessels, were certain, if recognized on shore, to be assailed with threats and imprecations from the soldiers, and the executive appeared powerless to allay the excitement or punish those who were notoriously assiduous in fanning and increasing it. The slightest "contretemps" would probably have brought about an outbreak, and an attack upon the Cruisers would not impossibly have been the signal for a revolt against the Governor, on the ground of his suspected complicity in Chinese designs and subserviency to Chinese views.

6.—Under these circumstances, I thought it necessary to warn the Commanders of the several Cruisers to exercise the utmost discretion in the discharge of their duties, to stop all leave for the present, to avoid the shore as much as possible, to abstain from giving, or within reasonable limits, from resenting, any offence, and to obviate by every means in their power any chance of a collision. Further than this I did not feel myself called upon to interfere as, though willing enough to assist in bringing about a peaceable settlement of the affair, I did not see any way in which I could be of any service.

7.—I thought it, however, desirable, in view of the possibility of a disturbance, that the Macao Government should understand that the collection of the duty and the blockade of the port were not in any way prompted or carried on by the Foreign Inspectorate. I accordingly took occasion when calling on Admiral da Souza, to inform him that the matter solely concerned the Native Customs, and that in lending the "Ling-Fêng" for the service, the Customs were doing no more than was being done by the British and French Consuls, under whose management and control the majority of the vessels employed in the blockade were placed. H.E. replied that he had been informed that the whole scheme was of foreign devising and execution, and he was glad to hear that the Inspectorate had no share in proceedings so dangerous, so ill advised and so unfriendly; the excitement which prevailed was not to be wondered at and could only be allayed by the withdrawal of the cruisers. The case of Hongkong was by no means parallel and the action of the British Government in the matter could not be adduced as a precedent for Portugal to follow. In Hongkong not a single station was in sight of the Colony, and the Harbour was not surrounded with Chinese Cruisers. In Macao, however, right opposite to the Barra Fort, in full view of the Town and Harbour, and scarce a stone's throw from the busiest portion of the town, was a Chou-li station which stopped and overhauled every junk that left the port; and five or six Gunboats were anchored in front of the Praya, commanding every channel. He had no wish to interfere with the collection of the duty on Opium, but he could not consent to a station at Kung-pai-wan, though he had no objection to any place beyond the limits of the Port. I informed His Excellency that the business was none of mine, and that I did not wish to be intrusive, but that I would with pleasure explain his views to the Viceroy and Haikuan, and should be glad if I could bring about a satisfactory settlement of the point in dispute. The Governor declared that the question was easy enough of settlement. He would waive the question of Portuguese jurisdiction

over such sea as the guns of Macao could cover, and would offer no objection to Ma-liu-chow, provided that the Viceroy would remove his present Chou-li station from Kung-pai-wan. He could consent to no other settlement, and he thought he manifested considerable forbearance in allowing any station so close to Macao. I replied that it appeared to me that the *right* of the Chinese authorities to place the new station side by side with the "Chou-li" one at Kung-pai-wan was uncontested, and that the Viceroy would scarcely venture to concede the principle, though as a matter of expediency he might possibly ultimately consent to its removal, if some spot equally convenient and suitable to the purposes for which the station was required, could be pointed out. The Viceroy showed his friendly disposition by his readiness to accept as a concession, Ma-liu-chow, when he might undoubtedly claim Kung-pai-wan as a right, and if Ma-liu-chow was only offered by Macao on certain conditions, I thought it quite likely that the viceroy would revert to his original claim to Kung-pai-wan. If the removal of the Chou-li station from Kung-pai-wan were really desired, it appeared to me that there would be much more chance of its removal, if the Customs' station at some other convenient spot were in efficient working order; if the readiness to conform to the views of the Chinese in the matter could be urged as calling for reciprocal concession; and if it were manifest that the duties might be as well collected, and convenience and economy best consulted by one establishment in place of two.

8.—The Admiral replied that if he ceded Ma-liu-chow without obtaining in return the removal of the Kung-pai-wan station, he would lose all hold upon the Chinese, and have no inducement to offer in exchange for the transfer. The desire of the Chinese to have the matter settled afforded him a certain leverage, and it would never answer to yield a site for the new station unconditionally. I pointed out that the desire of the Chinese for a settlement of the question was possibly not so great after all; and that barring the expense, which fell on the state and not on the individual officials, the Viceroy might not be dissatisfied with the present arrangement. The steamers were not required elsewhere, and the duties were collected with their assistance. The Chinese were probably in no haste to raise the blockade of Macao, and though I thought the Viceroy and the Haikuan would recall their steamers if such a station were established as rendered their further employment unnecessary, I did not think they would be found willing to make any concession in exchange for the station or even accept it as a "*quid pro quo*" in regard to Kung-pai-wan. Macao and not Canton was suffering

from the present blockade, and Macao rather than Canton, would be the gainer by the establishment of a station obviating the presence of so many gun-boats, and allaying by their removal, the present excitement and discontent. The surest way to secure the removal of the station objected to, appeared to me, to hasten the establishment of the station proposed, and thus secure the removal of the cruisers. The question as to Kung-pai-wan might be reserved for future consideration, and discussed between the Viceroy and himself (the Governor of Macao) with much greater prospect of amicable settlement if the Opium station were established. H.E. wished to know whether, in the event of his conceding the station at Ma-liu-chow, the steamers would be at once withdrawn. Speaking without authority on the subject and without ability to promise, I thought it more than probable that they would. Ma-liu-chow, however, I informed H.E., was not suited to the station, and the only site adapted was on a smaller island closer to the Harbour though equally screened on the south side from the observation and view of the town. The Governor did not see there was any necessity for change, if he made the concession at all. He had pointed out Ma-liu-chow and thought the place suitable. However, he wished to settle the matter and would evince his willingness by waiving the condition, and making no objection to the station being erected on Ma-liu-chow. The question of the Chow-li station he would reserve, and would write to the Viceroy concerning it. If the place I suggested was unobjectionable as regarded distance and situation he would put no obstacle in the way, and if I would name a convenient hour he would depute his son and aide to accompany me to both islands, examine both sites and decide which was more suitable.

9.—An hour was appointed, and on the following day, I visited both islands in company with the Aide and the Deputy. It was evident that the place at first assigned (marked in blue on the enclosed chart) was unsuitable and inconvenient, and that the smaller island, while equally screened from observation and out of the direct line of fire from the forts, was better suited to the purpose in view. On returning, I informed Governor da Souza of the result of our morning's observation, and H.E. thereupon assented to the change, only stipulating that the station should be out of sight and range of the forts. H.E. then remarked that with a view to bringing about a speedy settlement of the matter, he would offer no objection to the immediate erection of a station at the small island in question (marked with red in the accompanying chart) but he hoped that the assent he gave in this case would induce the Viceroy to reciprocate as

regarded the removal of the Chou-li station at Kung-pai-wan. He would at once write to the Viceroy on the subject urging the removal of the station, and he would be much obliged if I would convey the letter to Canton and explain the actual position of affairs.

10.—I informed H.E. that I would not fail, on my return to Canton, to point out his friendly feelings as evidenced by this arrangement, but that as regarded his communication to the Viceroy, I thought it would be more "selon les regles" to forward it through the usual channel—the Wei-yüan Peng-yu-li. On being urged, however, so far that refusal would have seemed ungracious, I agreed to convey the letter to Canton, and I accordingly arrived here last night.

11.—I have this morning seen their Excellencies the Viceroy and the Haikuan, and have explained to them the actual position of affairs. The Viceroy declares that he has no objection to place both stations on the island if it proves equally convenient with Kung-pai-wan, that he wishes the two stations to be in one place, in order that each may serve as a check upon the other; and that he considers Admiral da Souza's request for removal from Kung-pai-wan entitled to consideration. The Hoppo is well pleased at the settlement of the dispute and the establishment of the station, but declares that as the station has been at Kung-pai-wan for several years, has been referred to, as a station, in an Imperial Edict, and has been successfully working for a considerable period, it is unreasonable and preposterous to expect or demand its removal.

12.—The erection of the station is to be at once proceeded with, and the cruisers are to be immediately withdrawn.

13.—My leave having been thus interrupted, I propose to return this evening to Macao, and after spending a few days there, to take a few days holiday in Hongkong.

I am, etc.,

(signed) E. C. BOWRA,

Actg. Commissioner.

China's Revenue Rights outside Hongkong Waters.

INSPECTORATE GENERAL OF CUSTOMS,

No. 12

PEKING, 12th January 1872.

Canton Series.

SIR,

1.—I duly received your despatches Nos. 136, 151, 157, 165, 166, 175 and 189, the first dated 5th August and the last 14th November, 1871:

concerning the Hoppo's stations for collecting duty on Opium in the vicinity of Hongkong and Macao.

2.—I have read these carefully written despatches with much interest, and have been much gratified by the evidence they contain of the constant attention you have given to these new developments, and the ability with which your guidance has been shaping them. I approve of the various steps taken by you, and of your general attitude throughout.

3.—There does not now appear to be any necessity for the issue of instructions for your guidance: you have watched and taken part in the matter in its various stages, and you must be left to a great extent free in order to be able to meet the new difficulties or changes of form that the question may present now that Sir Richard MacDonald has resumed the government of Hongkong, and the Governor of Macao lays claim to jurisdiction over so large an extent of China's waters.

4.—There are two or three points to be kept in mind, and by them you must shape your course:—

1°. The collection of revenue from goods carried in Chinese bottoms in Chinese waters is a matter in which China is competent to legislate and take action without consulting any one.

2°. The British Government has declared that so long as China does not take action in Hongkong and does respect what can fairly be styled British waters, the Colonial Authorities cannot interfere with the proceedings of the Canton Officials.

3°. Neither Governor at Hongkong nor Consul at Canton will be supported in any steps they may take, to suppress the Opium stations, against the wish of the Chinese Officials.

4°. China does not recognise any Portuguese sovereignty on the soil or waters of China, and the Canton Authorities will commit an error if they come to any agreement with the Governor of Macao of a kind admitting of either construction or interference involving any recognition of Portuguese sovereignty.

5.—If the Opium stations are respected and the Cruizers not interfered with, matters could safely remain on their present footing until Hongkong asks for a Custom House within the limits of the Colony; but interference with either Stations or Cruizers ought not to pass unnoticed. The Yamén ought at once to be made fully acquainted with the occurrence, and, locally, the Canton Officials ought to forbid Chinese junks to visit Macao at all, and to trade with Hongkong except from Treaty Ports. So long as the Colony's action does not render the collection of duty and repression of smuggling impossible, there is no reason why its trade should not be encouraged and fostered, but if it is simply to continue to be the headquarters of organised smuggling, and if its officials go the additional length of impeding Chinese agents in the performance of their duty, the Chinese Authorities ought at once to give effect to a law which will be felt speedily.

6.—I hope to visit Canton in April and I shall then have the opportunity of discussing these matters with you in person and as fully as needs be.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

E. C. BOWRA, Esquire,
Acting Commissioner of Customs,
CANTON.

Materials from Hulks broken up liable to Duty: Consul's
attitude towards Commissioner.

No. 5
1874.

CANTON, 6th January 1874.

SIR,

I have the honour to inform you that on the 12th November last, the late British man-of-war "Melville" arrived here in tow of the steamer tug "Fame" for the purpose of being broken up.

On enquiring into the practice observed by this Office regarding such vessels, I was informed that no notice had hitherto been taken of them. Remembering however certain instructions received from yourself at Swatow, in 1869 with regard to vessels about to be broken up, I caused the Tidesurveyor to board her and inform her owner that it was his duty to report and enter the vessel at this Office forthwith.

The "Melville" was accordingly reported by "Chow" a Cantonese, and her papers were deposited at this Office on the 15th November. These papers, among others of no importance, consisted of a Port Clearance issued by the Harbour Master in Hongkong and a bill of sale, wherein a Mr. Hughes in Hongkong acknowledges to have sold the vessel to and to have received the purchase money from Chow Wei, thereby constituting the latter her rightful owner, copies of which I enclose. The owner was then informed that he would have to pay an *ad valorem* duty of 5 per cent on the value before the permission of this Office could be given to proceed with breaking her up, and that for convenience sake the amount appearing among the "Melville's" papers as having been paid to the British Naval Authorities at Hongkong (Dollars Mexican, Thirty five Thousand six Hundred) would be accepted by this Office as representing the same.

On the 15th November a letter was received from Mr. W. Kerfoot Hughes in Hongkong to the effect that he had been informed by Chow Wei that permission to break up the hulk was withheld by the Customs on account of her papers being incomplete, to which I made the necessary reply merely rectifying his misconception. On the 25th another letter was received from Mr. Hughes setting forth that he had sold the "Melville" to the native firm conditionally, thinking that she would be permitted to enter this port upon the same conditions as all previous hulks, viz: free of duty, etc., etc.: in reply to which I did not feel justified to

do more than acknowledge receipt of the same, my reason for so replying being, that any apparent hardship caused to the purchaser by the action taken by the Customs as far as the evidence in the hands of this Office proved, was a matter affecting Chow Wei alone. Copies of these letters are enclosed.

On the 27th of the same month I received a private note from Sir Brooke Robertson, H.B.M.'s Consul on the subject of this hulk and asking for information about it, previous to his "going into the matter," to which I replied that foreign vessels entering port in distress and thereafter sold for being broken up, were exempted from the payment of any other (*i.e.*, Tonnage Dues), but were liable to pay an *ad valorem* duty of 5 per cent generally calculated for convenience sake on the amount paid by the purchaser; and that similarly so therefore vessels of foreign build entering the port only for the purpose of being broken up were liable to pay such duty, and this the Chinese owner of the "Melville" who brought her into port had been informed of and asked to comply with. That this rule, I added, should appear not to have been hitherto followed was certainly surprising, and it seemed hard perhaps that it should be so suddenly enforced; yet on the other hand it might well be argued that, similarly as the Customs would always be called upon to return what might have been unduly collected for years past, so also should those who previously were allowed to escape payment of what was due, be called upon to make good the omission. I mentioned the receipt of the letters from Mr. Hughes, but explained, for the reasons mentioned above, that my replies were confined to acknowledgments; at the same time adding that I should be glad, if he would go into the matter, and that I would give every aid to secure better terms than my duty, as it appeared to me, permitted me to accord, etc., etc., and that I would be much pleased if he would direct the aggrieved party (Chinese) to plead his case before me and I would readily listen to whatever he might have to bring forth in his favour.

To this I received a note in reply on the evening of the same day, wherein Sir Brooke thanks me for the explanation in the matter, but taking up the plea as previously advanced by Mr. Hughes in his letter to me, and contending that Mr. Hughes had a *locus standi*; further adding that he knew nothing of any such regulations regarding the exemption or non-exemption of vessels entering a port to be broken up,—“certainly there was nothing in the Treaty,” he remarked, “about it,” and asking me therefore to further enlighten him on the subject.

At this point I confess I began to entertain grave doubts as to any satisfactory issue of the matter in dispute arising from this complimentary beating-about-the-bush letter writing, and therefore in my next reply, rather than question Mr. Hughes' *locus standi* in writing and thereby perhaps prejudice a matter which might require to be officially dealt with thereafter, merely suggested a personal interview and consultation as the most advisable course, and asked him to appoint a place and time for the same, etc., etc.

Sir Brooke's next letter, though polite in the extreme, yet only confirmed my fears as to any satisfactory results flowing from our mutual correspondence. There he plainly tells me that he would always be glad to confer with me on matters that arise personally or privately, but that he must adhere to the rule of official communications being with the Haikuan, nay more, I am as much as told that this *by-play correspondence* is an act of condescension on the part of the Consul, a piece of information which is anything but complimentary.

I did not however consider it my place to raise any argument on that point and therefore confined my reply to merely enquiring as to whether or not he was in possession and how he interpreted the meaning of the Joint Investigation Rules issued in 1868, so as to secure myself against eventually appearing in a wrong position. Copies of correspondence enclosed.

In the interview which I thereafter had with Sir Brooke, he pleaded not to possess those regulations, and I dropped the subject under the promise to send him a copy of them (which was done) leaving it to him to adopt whatever course he thought best, but begging at the same time to be meanwhile excused from further discussing the real question at issue.

Nothing afterwards passed between us on the subject, but on the 3rd December 1873, I received a despatch from the Hoppo communicating the contents of a despatch he had received from H.B.M.'s Consul on the matter. Sir Brooke therein took up the case on behalf of Mr. Hughes, stating that the latter had undertaken to deliver the hulk free of charges in Canton and that I had suddenly set up a claim for the payment of an *ad valorem* duty of 5 per cent on the purchase money, on what grounds he was unaware, etc., etc. In my reply to the Hoppo I reiterated what I had already explained to both, that it was a duty imposed not on the vessel as such, but on the timber, metal, etc., composing the vessel which, on being broken up and landed, formed the basis for the claim of import duty, and consequently did not concern Mr. Hughes, who had only

undertaken to deliver the hulk at Canton; that although this practice appeared not to have been previously observed at this port, I did not feel justified on that account to follow what I had good ground to look upon as a mistake; that I nevertheless would be in favour of showing all possible consideration for the merchant concerned by referring the matter to the Higher Authorities for definite settlement, when the duty now to be paid could be returned, if decided in his favour.

To this I received on the 8th December a despatch from which I learned that H.B.M.'s Consul adhered to his former opinion, but at the same time signified his readiness to having the matter referred to the Tsung-li Yamén and H.B.M.'s Minister for joint settlement; and requesting the Hoppo's reply thereto, after which Mr. Hughes would be directed to pay the duty claimed on deposit, and the Hoppo should "instruct" the Commissioner to issue a receipt for the same, in which the conditions under which the money had been paid were to be clearly stated. The Hoppo also asked me to send him copy of your instructions bearing on the point, received at Swatow.

In answer I repeated that the matter had in reality nothing to do with Mr. Hughes but solely concerned the Chinese merchant, yet since the British Consul appeared to adhere to his opinion, it seemed not worth while to raise any objection on that point. I therefore suggested that he should so reply to H.B.M.'s Consul, and request him to cause Mr. Hughes to pay the duty on deposit, etc.

It was not until the 27th December that I received the Hoppo's despatch transmitting to me the contents of H.B.M.'s Consul's reply, according to which he had directed Mr. Hughes to pay the amount claimed, and stating that he would refer the matter in three or five days to his Minister, etc., etc.

On the 30th December I issued the necessary receipt to Mr. Hughes for the money, of which I forwarded the Hoppo a translation, and a copy in English for transmission to H.B.M.'s Consul. I should mention here that on the 21st December I accepted provisionally the duty on deposit *H.Tls.* 1,281.6.0.0. and granted permit to break up the vessel and land the material.

In submitting the above case to you, I apprehend that no lengthy arguments are needed from me. Assuming the grounds upon which the claim has been set up to be correct, the real question to be considered is whether or not, to avoid possible hardship, some notice or warning should have been given before enforcing payment of duty on an article so to speak that had hitherto been passed free. This I did not feel myself competent to decide.

There is nothing on record to show that hardship or special loss has been sustained, moreover no arguments are brought forward on the point, the Consul basing his procedure on the grounds that the import is not justified by treaty.

I should mention that a hulk the "Lyemoon," value *H.Tls.* 1,656.0.0.0., duty *H.Tls.* 82.8.0.0. arrived the same day as the "Melville," also for being broken up, on which duty has been paid without objection and brought to account, and since then the "Isabelita" arrived, value *H.Tls.* 3,398.4.0.0. on which duty *H.Tls.* 169.9.2.0. was paid on the 31st December. And I would take the liberty to request in the event the "Melville" case being decided in her favour, that I might be authorized to return the duty paid on the "Lyemoon" at least and also on the "Isabelita," though her claim to it might not be so well founded for the reason that sufficient time had elapsed for the purchasers to make themselves acquainted with the action taken by the Customs.

Before closing this despatch I think it my duty to draw your attention to a matter which though it does not concern the question at issue, does in my opinion materially affect the ready settlement at the port, of questions generally as they arise. I refer to the line of action taken by Her Majesty's Consul. You will clearly see, and not through any misinterpretation on my part, that the advantage to be gained from the Joint Investigation Rules so fully pointed out in your Circular No. 19 of 1868, is to all intents and purposes a dead letter at Canton so far at least as British subjects are concerned. So far from that, they would rather, it seems to me, tend to become a stumbling block if the Consul is to be allowed to conduct two sets of correspondence, which unwittingly on my part has been the case in this instance. The question in dispute instead of forming so voluminous a matter for the Higher Authorities to wade through, should not have exceeded the limits of an ordinary despatch, had the Consul been willing to take advantage of these rules, for the points at issue are exceptionally few and simple. The course taken by the Consul puts me in a very delicate position for the future, but I take the opportunity to assure you that my course of action will nevertheless be guided by the spirit of the instructions contained in your Circular above alluded to, a feature which I trust you will see by the correspondence, has been observed in the present case.

I have, etc.,

(signed) F. KLEINWÄCHTER,
Commissioner of Customs.

**Memorandum on Preventive Duties of Deputy
Commissioner at Canton.**

INSPECTORATE GENERAL OF CUSTOMS,

No. 8 Commrs.
Canton No. 127.

PEKING, 12th February 1874.

SIR,

In continuation of my despatches concerning Mr. T. M. Brown's appointment to a Deputy Commissionership at Canton, I now enclose a Memo. relative to the special duties for the performance of which the post has been created. You will be guided by this Memo., and you will hand the enclosed copy of an extract from it (par. 1 and 12) to Mr. Brown for his information and guidance.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

F. KLIENWÄCHTER, Esquire,
Commissioner of Customs,
CANTON.

ENCLOSURE.

No. 8 Commrs.
Canton. No. 127.

MEMORANDUM concerning appointment and duties of an additional Deputy Commissioner (Mr. T. M. Brown) at Canton.

1.—The Canton Customs may be considered as divided into Native and Foreign—the Native Customs administered by the Hoppo or Superintendent and guided by the Native Tariff, and

the Foreign Customs under the immediate supervision of the Commissioner, a foreigner, and enforcing the Foreign Tariff. The work of each division may be subdivided into In-door and Out-door Work. The latter, Out-door Work, may again be examined from two standpoints, viz., 1°. What it would be desirable to do, and 2°. What is possible for foreigners to do in view of their status as affected by extritoriality.

2.—The primary occupation of each office, whether Superintendent's or Commissioner's, is to receive revenue from those who come forward to pay it, *i.e.*, Collection; its secondary work is to collect revenue from those who try to evade payment, *i.e.*, Prevention.

3.—It is to assist specially in the secondary work, the prevention of smuggling, that the new post is created and Mr. Brown appointed Deputy Commissioner.

4.—Smuggling in the Canton district may be divided into four kinds:—

- 1°. The proceedings of foreign vessels *inside* the limits of the anchorage;
- 2°. The proceedings of foreign vessels *outside* the limits of the anchorage;
- 3°. The doings of native craft between Hongkong and Macao and places in the Canton district;
- 4°. The doings of a special and separate class of native vessels known as salt junks.

5.—As regards (1°.) the proceedings of foreign vessels *inside* the anchorage, they are:—

- 1°. False declaration of goods;
- 2°. Clandestine discharge of non-manifested goods, either in bulk or concealed on the persons of passengers; and
- 3°. Shipment of goods without permit.

To thwart the first attempt at evasion of duties, "false declaration," it is the examination shed that is chiefly to be looked to, and to check the second and third kinds of smuggling "clandestine landing and shipment," it is the Tidewaiters on duty, the night watch and Tidesurveyor that are mainly to be relied on. In connection with

this division of the work, the new Deputy Commissioner, Mr. Brown, is to have general charge of the examination shed, and general superintendence of the Out-door Staff.

6.—As regards (2°.) the proceedings of foreign vessels *outside* the limits of the anchorage, it is of course the unauthorised shipment or discharge of cargo that is to be guarded against. In the Canton waters there is a special development of this kind of smuggling, viz., the practice of Chinese on board of River Steamers, who, on the way to Canton, throw opium overboard, to be picked up by boats that are waiting for it at various points along the river.

In connection with this division of the work, Mr. Brown is to study the special practice pointed to thoroughly, and is then to report on:

- 1°. The extent to which this practice damages the revenue;
- 2°. The best means of opposing it effectively;
- 3°. General measures advisable for the protection of the Revenue against the doings of foreign vessels *outside* the anchorage (*i.e.*, from the Shameen anchorage to sea).

7.—As regards (3°.) the doings of Native craft between Hongkong and Macao and places in the Canton Customs' District, it was formerly the foreign revenue, to be collected by the Commissioner, that suffered most, but, while that branch of the revenue is still to some extent affected, it is the Superintendent's native revenue that is chiefly concerned now. Strictly speaking, where such vessels introduced foreign goods into the interior, or carry native produce of a kind intended for foreign export out of the Canton district, otherwise than through the Commissioner's Office, they defraud the revenue administered by that Office: for all such goods ought to pay Foreign Tariff duties at Treaty Ports; where they carry in and out merely such native goods as Chinese produce for Chinese use, it is the Superintendent's native collection or *Ch'ang-shui* that is affected. Since the establishment of the stations for the collection of duty on opium near Hongkong and Macao and the diversion of the receipts to the *Ch'ang-shui*, the doings of native craft are, however, of more interest to the Superintendent than to the Commissioner; still, whether it is the *Yang-shui* or *Ch'ang-shui* that is concerned, it is in each case Chinese Revenue, and, as such, owing to the special circumstances of Canton—the proximity of Hongkong and Macao, the trade to the same places in both native

and foreign bottoms, the many waterways, etc., etc., etc.—it ought to be seen to by both Superintendent and Commissioner. To what extent the opium stations are competent to do the work, or to what extent they ought to be supplemented by other action is a point relative to which the experience of the last two or three years—if obtainable—might be of some use, but, as things are, some further attention to the matter might be useful. So long, however, as the stations are managed independently by the Superintendent, and so long as the revenue collected is diverted to the *Ch'ang-shui*, the doings of the native craft that trade to Hongkong and Macao chiefly concern the Superintendent, and will naturally have to be chiefly controlled by his Chinese Staff. Chinese-owned steamers will probably appear on the Canton waters sooner or later, and the regulations provide that they are to be dealt with by the Commissioner's Office: when such time comes—and even for the present, so far as the *Ch'ang-shui* impinges on or affects the *Yang-shui*—the Commissioner and Superintendent will have to do the same kind of work on common ground, and union rather than division, supplemented by a common understanding and by the regulation of various details, would work most economically and efficiently in the interests of both. In the meantime the Superintendent's stations, owing to their proximity to foreign settlements and to the fact that they are supported by steamers officered by foreigners, would be the better for a certain amount of reliable foreign assistance—partly to prevent collision with the foreign authorities, and partly to see that the steamers are kept in proper order and that the officers and crews are all they ought to be; such assistance as this could easily be rendered by the employé who is to fill the new post now created, and the officer selected for the appointment, Mr. T. M. Brown, is specially qualified by his acquaintance with the topography, language and ways of the Canton Customs' district, to be of much use to the Superintendent in all the directions alluded to—in assisting in the management of the Steamers, attending to the wants of the stations, and providing for such supplementary preventive work as may be required to give efficiency to them both. Accordingly, if the Superintendent so desires, the additional Deputy Commissioner will be allowed to assist in the three directions indicated, viz.:

- 1°. Management of the Superintendent's steamers;
- 2°. Arrangements of the Superintendent's Opium stations;
and
- 3°. Preventive measures, supplementing the work of the stations and protecting the *Ch'ang-shui*.

In connection with this division of the work, Mr. Brown is to study the question specially from the *Yang-shui* point of view, and is to report on

- 1°. The extent to which the interests of the *Yang-shui* are affected by the doings of native craft which endeavour to evade both *Yang-shui* and *Ch'ang-shui* (that is to say, he is to report on the extent to which a certain part of the carrying trade is done by native craft instead of foreign vessels, owing to their probability of escaping both *Yang-shui* and *Ch'ang-shui*, and on the extent to which such trade would return to foreign bottoms, and therefore to the *Yang-shui*, were it rendered impossible for native craft to evade the incidence of both *Ch'ang* and *Yang-shui*); and he is to report on
- 2°. The steps that ought to be taken to protect the *Yang-shui* in the direction indicated.

Again, in connection with the second division of this part of the work, the assistance to be rendered to the Superintendent's *Ch'ang-shui* affairs, Mr. Brown is to be guided by the wishes of the Superintendent on the one hand and by the 10th and 12th paragraphs of this Memo. on the other.

8.—As regards (4°.) the fourth description of smuggling, the doings of salt junks, it is difficult to say to what extent these affect either *Yang* or *Ch'ang-shui*, or both. In 1859–61, junks were in the habit of smuggling salt from places outside the mouths of the Canton waters, and they at the same time carried both opium and other foreign goods; if this practice still continues, the Salt Commissioner's salt revenue, the Superintendent's *Ch'ang-shui*, the Customs' *Yang-shui*, and the Provincial *Lekin* are, one and all, more or less sufferers. In 1860, the then Governor-General, Lao, gave me special authority, when Deputy Commissioner at Canton, to arrest salt junks, and, in 1861, an Imperial Edict directed Salt Commissioner and Superintendent to devise measures in common for the protection of the revenue generally. On this point, the advice of the Governor-General ought to be taken, and the opinion of the Salt Commissioner ought also to be obtained. The latter might possibly secure some advantages were the Deputy Commissioner authorised by him to assist in the prevention of salt smuggling: his ability to do which must be evident from the fact that in the discharge of his duty in protecting either the *Yang-shui* or *Ch'ang-shui* or both, he will

necessarily have to board and examine junks fallen in with outside the mouths of the Canton waters—were it only to see that their papers are in order. The Commissioner is therefore, by and by, to avail himself of any convenient opportunity of bringing this matter before the Governor-General, and of explaining the whole duties of the newly appointed Deputy Commissioner, so that the Governor-General may understand fully the extent to which each division of the work is connected with and affected by the others, and may also see the extent to which an officer in Mr. Brown's position, who has to work for one, could efficiently and usefully work for all. The Commissioner might suggest a second interview at which the Governor-General could invite the Salt Commissioner and Superintendent to be present, and at which Mr. Brown might also take a place.

In this connection, Mr. Brown is to study the salt question generally, and is to report on

- 1°. The salt trade;
- 2°. The method of collecting the salt revenue;
- 3°. The extent and nature of the salt smuggling carried on;
- 4°. The extent to which *Yang-shui* and *Ch'ang-shui* are affected by the doings of the salt junks; and
- 5°. The means most calculated to protect the interest of all the fiscal departments concerned, but more especially the *Yang-shui* and *Ch'ang-shui*.

9.—A query that suggests itself at this point is the extent to which the provincial steam fleet—the Governor-General's steamers and steam-launches—could be utilised. Measures might be devised by which the revenue steamers could do police work and the police steamers revenue work, and so increase each the efficiency of the other, when opportunity offered or necessity required it.

10.—In the first paragraph of this Memo. reference is made to a distinction between what it would be desirable to do, and what, exterritoriality remembered, it is possible to do.

What it would be desirable to do, is simple enough—it would simply be to do the work as, say, Englishmen would do it, were the waters and their approaches as much English as they are Chinese. They would, in a word, work effectively. Now to work effectively at Canton means either complete co-operation on the part of the different fiscal administrations, or their simplification by being placed under one head; it also means honesty towards the state, justice towards the taxed, and the conscientious performance of work generally. Unification is scarcely to be hoped for and co-operation

is as little likely to be thorough-going. The work therefore, even with foreign assistance, is weighted at the start, and cannot be what it ought to be.

What is the assistance the foreigner gives? His presence in the Office secures for merchants equality of treatment,—for local Customs' authorities assurance that every cash that can be legally collected will be collected,—and for the Central Offices the certainty of knowing the exact amounts thus legally collected: his presence as a member of the Out-door Staff ensures a closer examination of goods reported for payment of duty, a stricter watch on the doings of ships in port, and more energy and enterprise in the attempt to discover and repress smuggling. But his ability to do his utmost, thwarted on the one side by the shortcomings of the Chinese themselves, is fettered, on the other, by the extraterritorial principle, which, in its working in China, makes it impossible for him—even in the position of a Chinese Official—to divest himself of accountability to his mother-country. A Consul can at any moment step in, and interfere with such and such action on the part of his co-nationals; and at no point is he more likely to interfere than where, as at Canton, a foreigner may be called upon to take part in the active suppression of smuggling by natives in native bottoms. It is here that what it is desirable to do is limited by what, extraterritoriality being what it is, it is possible to do.

Supposing then that the Deputy Commissioner were empowered to act freely against salt smugglers by the Salt Commissioner, against ordinary Chinese smugglers by the Superintendent, and had plenary police powers from the Governor-General in connection with the steamers on the waters of Canton: even these authorizations to act might be interfered with at any moment by a Consul, who, for reasons that appeared valid in his eyes, might choose to step forward, declare the proposed action impolitic, and forbid it.

What is desirable—to be thorough and efficient—and the way to be so is plain enough: what is possible, is a shifting and changing quantity—this with one Consul, and that with another, and can only be known by being on the alert and by carefully watching the signs of the times and the temper of the individual. Now, in this connection there are three important points to bear in mind—three rules with which it is right to comply for safety's sake:—

1°. All orders for and reports from the Deputy Commissioner ought to pass through the Commissioner, and all plans and every kind of action proposed to be taken by the Deputy Commissioner ought to be reported to the Commissioner: and, in each case,

the Commissioner, as responsible to the Inspector General, ought to have the right of *veto*—such right to be, of course, used discreetly and to be exercised in the way least likely to injure the interests at stake or affront individual officials;

- 2°. The Commissioner ought to assure himself that the Deputy Commissioner is armed with the right kind of Chinese official authority for every enterprise he proposes to start on, and for every duty he performs; and
- 3°. Exterritoriality being what it is, perfect frankness with the Consul will in the end be the best policy—and however disposed to interfere for interference sake, a Consul will most probably avoid unnecessary interference if he can once understand that, what he elects not to allow his co-nationals to do, other men can be found and employed to perform.

In the present case, the Deputy Commissioner, Mr. Brown, is a British subject, and supposing that he is to do other work than assist in the repression of smuggling *in the Yang-shui interest*, the main points will be to see that he does not undertake any duty of a kind that—a foreigner in a foreign country—it would be impolitic to allow him to undertake,—that he has full official authority from the proper and responsible Chinese Officials, for all he does undertake,—and that the British Consul is making no objection to his work or his way of doing it.

To give effect to the warning that runs through this paragraph

- 1°. The Commissioner, Mr. Kleinwächter, must arrange that orders to be given effect to by the Deputy Commissioner, Mr. Brown, shall pass, and that Mr. Brown's reports or representations shall be made through himself, and must let it be understood that, the Commissioner being responsible to the Inspector General for the proper conduct of business by all his subordinates, he is empowered by the Inspector General to say to the Authorities that such and such an order is one that, for such and such reasons, Mr. Brown could not give effect to, and to Mr. Brown that such and such a representation is one which, for such and such reasons, ought not to go forward—in both cases, and on each occasion, letting it be understood that the matter will be reported specially to the Inspector General for his opinion. Besides,

the Commissioner must be at all times on his guard, and must take care that Mr. Brown does not attempt anything likely to bring the establishment or himself into conflict with the authorities—native or foreign—and that personally he does not expose himself to improper risks, or place himself in positions involving penalties or creating legal liabilities.

2°. The Deputy Commissioner, Mr. Brown, must on his side, for his own protection and in the general interest, be careful to uphold the Commissioner's position, keep the Commissioner at all times well informed, and obey the Commissioner's instructions: in doing so, he must take in the general drift of the whole paragraph, and must be careful to act up to its spirit to the best of his ability at all times.

11.—The peculiar positions of Hongkong and Macao—the one a British Colony and the other a Portuguese settlement—are known to both Mr. Kleinwächter and Mr. Brown. Much of Mr. Brown's duties must affect these places, and must bring him into contact with them. He must be specially careful in two directions:

- 1°. To see that nothing is done against the foreign flag or in the foreign waters of a kind likely to lead to complications between the foreign and Chinese Governments, or to necessitate references on points on which the Chinese action is not perfectly defensible and, away from local influences, unquestionable and unassailable;
- 2°. To see that he does not place himself or any other foreigner in any questionable position likely to lead to arrest or legal proceedings.

These two points are to be kept constantly in view, no matter what the business transacted may be, and no matter which of the fiscal departments may, for the moment, be acted for or interested in the result.

12.—The Deputy Commissioner, Mr. Brown, is subordinate to the Commissioner both directly and indirectly:

- 1°. *Directly* in all matters pertaining to the *Yang-shui*;
- 2°. *Indirectly* in all matters pertaining to the *Ch'ang-shui*, etc.

Where directly responsible he must simply obey the Commissioner's orders: at the same time the Commissioner is expected by the Inspector General to lend a ready ear to all Mr. Brown's

suggestions—which, considering his perfect acquaintance with affairs on the river and in the Canton waters, may prove more valuable than instructions from the Inspector General himself. Where indirectly responsible, he must not act against the expressed wish of the Commissioner: here, however, the initiative rests with him (or with the heads of the other fiscal departments) rather than with the Commissioner. Where his *direct* responsibilities are concerned, Mr. Brown will take orders *from* and report *to* the Commissioner; where it is *indirect* responsibilities that are in question, he will receive orders *through* and report *through* the Commissioner. In the business growing out of his direct responsibilities, Mr. Brown has at his disposal the Canton Out-door Staff and such of the In-door Staff as are posted to the examination shed; in the business that may grow out of his indirect responsibilities he will have at his disposal the various materials supplied by the Departments concerned, and after such fashion as the heads of those departments may indicate. Should the other departments referred to decline to avail themselves of Mr. Brown's services, he will merely have to attend to the interest of the *Yang-shui*.

13.—The Commissioner will explain to the Superintendent such parts of what precedes as refer to the *Ch'ang-shui*, and will ascertain whether he desires to have the Deputy Commissioner's assistance:

- 1°. In the management of the steamers;
- 2°. In the prevention of smuggling by native craft;
- 3°. In the supervision or working of the opium stations.

If the Superintendent replies in the affirmative, the Commissioner will explain the conditions on which that assistance can be given:

- 1°. That the Deputy Commissioner must work for both offices;
- 2°. That all orders to him and reports from him, as a rule, are to go through the Commissioner;
- 3°. That one half his salary (150 taels a month) is to be provided by the Superintendent (to be paid to the Commissioner quarterly and, to be then remitted to the I.G.'s A/c. D.).

Supposing these matters to be arranged, the Superintendent should issue instructions under his seal for the Deputy Commissioner's guidance, and also to serve as his authority in case his proceedings should be questioned by either natives or foreigners, people or officials.

14.—Matters fully arranged with the Superintendent, the Commissioner is to see the Governor-General and explain how things stand as regards *Yang-shui* and *Ch'ang-shui*, and is then to suggest that, in devising and effecting operations against salt smugglers, it would be well to have Mr. Brown's assistance—showing how the doings of salt smugglers affect both *Yang-shui* and *Ch'ang-shui*, and pointing out that as Mr. Brown may have to interfere with their proceedings for the protection of *Yang* and *Ch'ang-shui*, it might be well if the Salt Commissioner would avail himself directly of his aid against salt smugglers (*e.g.*, by authorizing him to seize any vessel with salt on board unprovided with proper papers, etc.). Should the Governor-General think well of this, a meeting might be suggested at which the Governor-General should invite the Superintendent and Salt Commissioner to be present, and at which Mr. Brown might also be present with Mr. Kleinwächter.

15.—In all that refers to other than *Yang-shui* matters, this Memo. is simply suggestive, and Mr. Kleinwächter in bringing the points before the Superintendent or Governor-General—while stating that they are the Inspector General's suggestions—is to add that they are merely thrown out as suggestions in the interest of the revenue generally, but that the Superintendent or Governor-General is not in any way pressed to act on them. They may accept them or reject them just as they like. But it is to be borne in mind that the offers are conditional, and that Mr. Brown's services can only be availed of for other than *Yang-shui* purposes, in the manner and on the conditions set forth. Finally, it is to be borne in mind that it is for *Yang-shui* purposes specially that the appointment is made, and that,—except in view of the benefit likely to accrue to the revenue generally from conjoint action where circumstances dove-tail and interests are identical,—it is a matter of indifference whether the other departments avail themselves of Mr. Brown's services or not.

(signed) ROBERT HART,

Inspector General.

PEKING, 20th February 1874.

Deputy Commissioner for Preventive Work at Canton takes
charge of Hoppo's Cruisers.

No. 75
1874.

CANTON, 8th June 1874.

SIR,

I have the honour to acknowledge receipt of your despatch No. 8 of the 12th February last in continuation of your previous despatches concerning Mr. T. M. Brown's appointment to a Deputy Commissionership at Canton, and in which you enclose me a memo. relative to the special duties to be performed by him.

I have carefully studied the contents of the latter and in accordance with the provisions therein made under § 5, Mr. T. M. Brown was given charge of the examination shed and general superintendence of the Out-door staff on the 30th of April last.

It was on the 15th of that month that I began to open more definite negotiations with the Hoppo than had previously been entered on. Of the earlier steps taken in regard to the acceptance by him of Mr. Brown's services for his Revenue steamers and guard-boats, you have been duly informed in former despatches and semi-official notes, and from the copies of the correspondence which I now beg to enclose you will perceive that it was only after a considerable amount of irresolution that the Hoppo did finally come to the decision to accept the services of Mr. T. M. Brown. In my despatch written him on the last mentioned date at his request made at a previous interview, I informed him of the appointment of the additional Deputy Commissioner and the position to be held by the two Deputy Commissioners as laid down in your despatch No. 9 of the 23rd February last, and of that part of it more especially which referred to the duties to be discharged by Mr. Deputy Commissioner T. M. Brown. I had given him at that interview also an extract of what is contained in your memo. with reference to the benefit to be derived by united action of the Yang-shui and Chang-shui Offices in the suppression of smuggling also, which extract, after having read it, he shewed no particular anxiety to keep, and I consequently took it away with me again, not thinking it advisable to press its receipt upon him at the time. But he had agreed to look upon the question in the same light, I did not consider it however judicious to force him to give a definite opinion on the spot; on the contrary I suggested, that, the matter being of some considerable importance, it would be best if he took time to carefully think it over.

The result of this more mature consideration is exemplified by his letter in reply to the above despatch. He finds that there is a despatch on record from the Imperial Commissioner in which the Tsung-li Yamén states that the Inspector General when changing the Commissioners of the different ports was to report the same to the Yamén and the northern and southern Imperial Commissioners, and also inform the Superintendent thereof. Now on the appointment of the additional Deputy Commissioner he had as yet, he said, received no communication from either the Tsung-li Yamén or the Inspector General and as regards what I said about his (Mr. Brown) undertaking such other work in Canton waters as may hereafter be arranged for, he (the Hoppo) requested me to think beforehand over the matter and that when he had received the communications referred to from Peking, the matter would again be taken into consideration and settled.

I pointed out to the Superintendent in reply that the appointment of an additional Deputy Commissioner affected local arrangements and was of local importance only, and that, besides, as the two Deputy Commissioners had no greater independent authority of their own than the other assistants in the office, etc., I suspected, I said, that for that reason you had not officially communicated with the Hoppo. As regards, whether or not you had reported the appointment to the Tsung-li Yamén I could, I added, offer no opinion; and in regard to the new Deputy Commissioner undertaking such other work as may hereafter be arranged for, it was for Yang-shui purposes especially that the appointment was made. As to his undertaking other work in connection with the prevention of smuggling generally, that was as explained in the I.G.'s extract of a memo. about which we had had a consultation in the previous interview, a question solely to be decided by himself and I enclosed him that extract again for him to think carefully over it, and let me know how he would like to have matters arranged. This letter was sent on the 21st of April.

On the 23rd an answer was received which in no way differed from what previous experience led me to expect. The Hoppo availed himself of the passage that the appointment of Mr. T. M. Brown was made in the interest of the Yang-shui, and argued that the latter ought consequently at once to exert himself in that direction while as regarded the affairs of the Revenue vessels belonging to the Chang-shui they were to be conducted by him (the Superintendent) alone, and separately, so as to be in conformity with the memorial to the Throne on the subject, and as to consulting

about additional arrangements, when he had received despatches on the subject from the Tsung-li Yamén or Inspector General he would again communicate with me.

But while the Hoppo was thus strenuously trying to avoid committing himself in writing, in all verbal communications between myself and him he manifested great anxiety to avail himself of the services of Mr. Brown. That such anxiety was felt generally in the Superintendent's Yamén was shewn by overtures made to Mr. Brown by his subordinates and the stumbling block in the way was what they considered my undue interference in the matter. Meanwhile an interview had been asked by me for Mr. T. M. Brown that he might pay his respects to the Hoppo similarly as Mr. McLeavy Brown had done before, and while this interview was ostensibly intended to be based on etiquette merely, it was calculated at the same time to afford an opportunity should occasion arise, to impress again upon the Hoppo that, though the services of Mr. T. M. Brown were at his disposal, they could be secured only through this office. The expectation was realised for the Hoppo did at the interview express to Mr. Brown in very flattering terms his anxiety that Mr. Brown should take over the management of his Revenue services and added that he had been in consultation with me to that effect. This, as a matter of fact, he had been ever since the receipt of your despatch on the subject of last year; but he would never consent to allow myself to have the chief share in the arrangement. He desired to have the services of the Deputy Commissioner, but without any relation to the Commissioner, Mr. T. M. Brown impressed upon him at the interview, which took place on the 24th of April, that such could not be.

At a subsequent interview with myself the question came up again, and I repeated what had been so often said before; at the same time I intimated to the Hoppo that he would have to decide now one way or other, for Mr. McLeavy Brown was about to take over complete charge of his duties, which including the management of his steamers had hitherto been under the temporary charge of Mr. Morgan. Why I was induced to make this demand I may as well mention here. In the first place the anomalous manner in which the assistance of Mr. Morgan was made use of, and in the second place, and for this reason more especially, the bad state of Mr. Morgan's health demanded a change of some kind. And as on the former occasion when Mr. Deputy Commissioner Smith went on leave the trouble reported in my despatch No. of this year had, according to the Hoppo's urging arisen through my not consulting him first, I would not commit myself again by transferring

the duties performed by Mr. Morgan to Mr. McLeavy Brown or any other member of the office without previous consultation. The Hoppo then expressed again his intention of availing himself of Mr. Brown's services, and again by pre-arrangement I addressed him semi-officially on the subject and in addition to sending him at his request copies of some letters addressed by the former Hoppo to the former Commissioner bearing on the subject, I at the same time stated, that in case he wished to avail himself of Mr. T. M. Brown's services, I had received instructions from you to ask that one half of his salary *Tls.* 150.00 a month payable quarterly and to be entered in the official accounts, would have to be provided by him. Now it must be borne in mind not only had the other side constantly said that they wished for Mr. T. M. Brown's services, but also that almost the whole contents of this letter had been written as before-hand agreed on.

This letter was sent on the 4th of May, and what was the Hoppo's reply received on the 6th of the same month? The Hoppo, in describing the manner in which Mr. Markwick formerly managed the Revenue steamers in conjunction with Deputy Lu shewed how he allowed himself to be very clearly duped. In one of the copies sent him as above alluded to, the former Hoppo had asked Mr. Bowra for the services of Mr. Linguist Ho to do the translating and to act as Interpreter. Now the Ho then in question was Ho Low a linguist attached to this office who has since died, but the present Hoppo's letter referring thereto while pretending to give his name in full calls him not Ho Low his proper name but Ho Mei the name of his brother with a view as his subordinates no doubt calculated to support their own pretensions and more especially those of the latter. Moreover the course of procedure of Mr. Markwick is also described in such a way as to give Mr. Ho Mei a position of equality suggestive of more or less responsibility. The Hoppo then proceeds to say that the way in which I had conversed with him regarding Mr. Deputy Commissioner Brown was not in agreement with former regulations and that the two letters sent him bore additional proof shewing as they did that formerly all people connected with the Superintendent's preventive service were subject to the orders from the Chang-shui Kwan. As regards the Revenue steamers and guard-boats, at present he had he continues, on several occasions expressed his intention of asking Mr. Brown to assist in the management of the same, he therefore requests me to order Mr. Morgan to deliver the account books over to him in order that he may depute somebody to hand them to Mr. Brown. As regards the additional monthly allowance, that he says was formerly issued

by the Chang-shui office independently and no account was taken of it; if it was now to be entered in the general returns by which Chang-shui money would be included in the Yang-shui accounts it would be difficult to separate the Chang from the Yang and much inconvenience could arise; he requests me to consider this carefully and reply to him in order that he may write to you on the subject.

You will be well able to imagine how disappointing and worrying these continual evasions proved, and I confess that my patience was becoming exhausted. I was gradually resolving to cut the matter short by ceasing to argue any more and instead to propose to the Hoppo certain alternatives from which to choose at his pleasure and to thereby finish the matter somehow. I did not however think it well to do so without making a final attempt to bring about if possible the desired end. I consequently wrote to the Hoppo a somewhat lengthy letter on the 9th of May, in which I in the first place expressed my regret at the difficulties experienced in coming to a satisfactory understanding with him, and once more carefully recapitulated the whole bearing of the question at issue. In doing so I drew his attention to the fact proved by the two letters of the former Hoppo that, when desirous to make use of the services of members of this office he did not do so without first addressing his request to that effect to the Commissioner. And I availed of the opportunity to put it the first time in writing that while the nature of the duties to be discharged was invariably to be left to the Chang-shui Kwan to decide, when the time of executing them arrived it was the Commissioner upon whom it then devolved to watch over the same in order to ensure that public interests did not suffer, that the arrangements originally had been based on that principle, and in what the recent practice appeared to be different had crept in only through changes among the members attached both to his and this office; that according to your instructions, it would also be necessary that he should issue a proper authority under his seal for Mr. Brown to act and that indeed without, it would not be allowed to let him do so. As regards what he said about the Yang-shui encroachment on Chang-shui affairs, I pointed out it was plainly in your memorandum of which I had given him an extract, that there was no such intention but that the desire was to give every assistance possible; it was however unavoidably necessary in order to prevent future complications that the Commissioner be thoroughly *au fait* in regard to whatever duties any member of this office may be called upon to discharge, etc., etc. While I tried my best to thus effectually remove or explain away the scruples which he pretended to have, and which he looked upon as

insurmountable difficulties in the way of his agreeing to the proposed plans, I concluded by saying that the plan was arranged by yourself in your instructions to me from which I would not dare to deviate. It remained therefore for him to decide whether or not he could at least temporarily adopt the scheme pending his communicating with the Tsung-li Yamén, when the matter would be definitely settled. If so, he should appoint a time when I should order Mr. Morgan to hand over to him all account books, records connected with the management, and after having found everything in due order, I expected him to send them back to me, together with the necessary official authority, to enable me to hand them to Mr. Deputy Commissioner Brown and instruct him to act accordingly, adding *en passant* some pleasant remark regarding the friendship existing between Mr. Brown and his Deputy Wu. Should he however I added not be prepared to act as above described, nor to leave matters as they were at present in the hand of Mr. Morgan pending communication to our respective superiors, he should kindly tell me what other plan he would like to follow.

A few days afterwards a letter was received from him pretending to be a reply but in reality being none at all, in as much as he simply informed me that he desired to ask Mr. T. M. Brown for his services, but again in the terms as previously expressed in evasion of the principle laid down in your despatch under reply. And that as he had written to you about the question of pay there was no need to enter on that question.

Shortly afterwards I visited the Hoppo, and I explained to him in the first place that the letter he had written me was not only no reply at all, but gave me also to understand in rather plain language that he doubted whether my action in the negotiations was in reality supported by instructions received from you, that such a letter imputing to me a direct untruth was one which I could not receive silently, and I succeeded to convince him that if I was forced to accept and reply to it, my answer could not possibly lend to promote that harmony and friendship which should exist between us. I would therefore rather have him I said take the letter back and destroy it; and this course he consented to adopt in order to settle the little difficulty. The letter he accordingly took back. I thereupon commented again, but this time in rather plain language on the whole affair, and explained how disheartening it was to have one's best intentions as it would seem purposely misinterpreted, and misunderstood. I drew his attention to the unscrupulous ingenuity with which, as exemplified in his letter of the 6th of May which I had also taken with me, his subordinates had added to the

sing of a dead man the *ming* of a living one in order to further their own, but surely not his, end. And, as if that were not enough, the use of the character *爻* in the same sentence to describe the relations between Mr. Markwick and the linguist Ho displays the same spirit by attaching to the position held by the linguist *vis-à-vis* Mr. Markwick an importance it in reality did not possess for in the same way might all the linguists belonging to this office assume equal and independent rank with myself, as they had daily handed them either by myself or the assistants all kinds of documents for translation. I was very outspoken though of course within the bounds of civility, and dwelt strongly on the want of confidence so continually apparent not for any good reason of any kind whatsoever, but merely because he preferred to follow the advice of doubtful and self-interested people. It was of course not my place nor was it my intention, to venture on criticising, or finding fault with what he thought his duties prescribed to him, that was his own affair and did not properly concern me, but when in my relations with him I did find that he was unscrupulously imposed upon, I would not be doing my duty towards him as a friend and colleague, were I to quietly look on. Indeed if it had not been for that reason, I should before long have given up having or letting anybody from the office have anything to do with the management of his Revenue service. It had been a constant source of misunderstandings almost since my having had charge of this office, yet I quietly submitted to all the worry and annoyance for the simple reason that I felt convinced that my cause was a good one, and sooner or later must gain its way. But since the receipt I added of your definitive instructions as to the manner in which Mr. T. M. Brown's services were to be offered him, the affair had assumed a different aspect. What I previously had myself considered advisable in his interests no less than in those of this office, in regard to the protection of the revenue generally, had under the present circumstances ceased to be of primary importance. The instructions of yourself on the matter were plain and to the point, and all that it was incumbent upon me to do I had done, namely, to explain carefully your intentions as far as I was in a position to do so. It now rested with him to decide which course he would like to follow and it was beyond my province to reason with him further, with a view to influence his decision either one way or other.

As my remarks seemed to have the desired effect he became more pliable and finally consented that he would ask me in writing. I did intentionally treat it as of not much importance whether officially or by letter merely, for Mr. T. M. Brown's services

forwarding me in accordance with the arrangements come to between us an official authority for Mr. Brown to be handed over to him by me; as regard the half share of Mr. Brown's salary he repeated that he had written to you about it because Mr. Smith had formerly only received \$120.00 and that *Tls.* 150.00 seemed somewhat high. I drew his attention to the fact that formerly the assistance given him was divided between two members of our staff Mr. Smith and Mr. T. M. Brown receiving \$120 and \$100 respectively making a total of \$220, whilst under the new regime the same work if not more will have to be done though under the immediate charge of only one member of our staff. He accepted this reasoning and expressed his intention of at once writing to you to correct his mistake. I repeated what I had previously expressed that as regarded the money question any disagreement on that point I would well consent to have specially referred to you once more, and leave in abeyance while Mr. Brown's services could be at once accepted of in his own interests.

Conversation thereafter turned on the disputed question of receiving and handing over the books. An undue importance has been put by his subordinates upon the account books kept for the Hoppo's steamers by the members of this office, which touched the question of the right of their withdrawal from this office by the Hoppo's Deputy without reference to myself. Although no such demand had been directly made I to forestall the possibility of it, had at first also indirectly expressed it as my opinion that they certainly belonged to the Hoppo, and at any time when he should ask me for them he should have them. The question then put by the Hoppo was whether I had any objection after he had sent me the proposed letter with the authority for Mr. Brown and when he had received the books from Mr. Morgan, if he sent them to Mr. Brown through his Deputy direct, I pointed out in reply that the books formed to a certain extent part of the appointment of Mr. Brown to assist in his revenue matters, and should consequently like the letter of authority pass through my hands, but I treated this matter rather jocosely and pleasantly appealing to his consideration why yet stick on such a comparatively minor point after he had waived his objection against the much more important principle? At the same time I explained to him that however much inclined I should be to avoid sticking perhaps unreasonably at trifles yet my hands were tied by instructions and I would not really give in on that point either. He then asked me in a manner clearly showing that he had carefully noted that movement beforehand in fighting his battle whether I would also object to himself handing the books to Mr. Brown personally, and this compromise I at once and

unhesitatingly accepted and on closer reflection I think I should have made a great mistake if I had not done so, and I hope you will also consider it so. Trifling as the matter was in itself, by refusing to consent to that proposal I fear I would have raised it to an altogether undue importance; for the Hoppo would well have been justified in harbouring increased suspicion that to assist him in the discharge of his duties was not so much the motive of our action as the supplanting of his authority altogether in the superintendency of his Revenue service. I therefore explained to him that to comply with his wish in that respect I looked upon not merely as being not in disobedience to the spirit of your instructions, but rather in agreement with the same which had no other object than that I should be of assistance to him and not an incumbrance. Moreover I also argued that the spirit of your instructions also was in my opinion fully satisfied if any matter which had been previously made a subject of consultation and agreement between us was given direct effect to, and I may add here although of course I did not say so then, that I would if hard pressed have also consented to the books being sent to Mr. T. M. Brown through his Deputy direct on the very same grounds. As it was the way in which the difficulty was actually compromised must naturally be looked upon as far preferable in view of eventual future contingencies.

Having come to this understanding we parted evidently both satisfied that each of us had gained the victory. Before my leaving he enquired if I had not also a despatch from the former Hoppo on record, of which he had found some scrap in the Yamén and in which the former Commissioner had been asked for his assistance in the management of the then only Revenue steamer Shén-chi. I promised to look it up and afterwards sent him a copy of it on the 19th of May without further comment.

On the same day and to all appearance written before the receipt of the former, I received the expected letter from the Hoppo wherein in accordance with the understanding come to, he expressed his wish for the services of Mr. T. M. Brown to assist in the management of the Revenue steamers and guard-boats, and requesting me to hand Mr. Brown for his guidance an accompanying Châ Wén addressed to him; this document however was sealed in direct evasion of the spirit of all our negotiations. Rather than prolong the ultimate settlement of the arrangements come to, I thought best nevertheless to give effect to the Hoppo's request, and confine myself to merely pointing out to him the irregularity, adding at the same time, that I suspected it to be due only to an oversight on the part of his clerks. The Hoppo in reply offered some sort of explanation for the

irregularity by saying that because I had asked him for a letter merely he had not written a despatch, and that hitherto at his Yamén the practice had been to seal all despatches sent out, that it was an ordinary precautionary practice, and had no other intention at the bottom of it on this occasion.

Some minor correspondence thereafter passed preparatory to the transfer of the Revenue steamers' books from Mr. Morgan into the hands of the Hoppo and from the latter into those of Mr. T. M. Brown, which finally took place on the 26th of May last. The provisions contained in the Hoppo's authority were thereupon given effect to, copy of this authority is also contained in the enclosure to this despatch; and I dare say its wording will also be found by yourself sufficient for what is wanted for Mr. T. M. Brown to do, for the present at least. Regulations for the management of the Hoppo's Revenue service will have to be in due time drawn up and agreed to, when such points as may be lacking to this document will of themselves become clearly defined.

On the 26th May circular instructions and a circular notification were despatched under my signature in accordance with the arrangements arrived at, to the Commanders of the Revenue steamers and guard-boats, commanded and manned by foreigners respectively, informing them of Mr. Deputy Commissioner T. M. Brown's having taken charge of the management of the same, and ordering them severally to obey his instructions and make their reports on all matters to him. The latter has since been acted upon, and for the present there is every prospect of matters settling down into a satisfactory groove.

In now summing up this somewhat lengthy despatch which I thought however necessary in order to enable you to thoroughly understand the course of the negotiations, and the aspect of affairs, I as naturally in the first place hope to be favoured with your approval for the way in which a settlement of these somewhat delicate and intricate questions has been arrived at, though some minor points still await definite arrangement. For reasons, which undoubtedly are sufficiently clear to yourself and need not be further described, all the trouble which has been made and which has disturbed the equanimity of the Hoppo's subordinates in the sole and independent management of the Hoppo's Revenue service, has been treated and contended against by the Hoppo's advisers, as mainly originating with myself for no other reason on my part, than an invincible desire of myself personally to unduly extend the influence of the foreign, over the native branch of the Canton Customs. In regard to

effectually and definitively eradicating those unfounded opinions it is scarcely my place to offer here any suggestions. The dispute about the share to be borne by the Hoppo, will be settled between yourself and him since he has referred that point to you direct, and upon which I hope to receive your instructions in due course.

As regards the management of the Hoppo's Revenue service itself, that will be settled more definitively by practice and undoubtedly also in a satisfactory manner since I have every reason to place thorough confidence in the intelligence and loyalty of Mr. T. M. Brown; than whom a more efficient person could not have been selected for the post in question.

Meanwhile I will take all possible care on the one hand, to be watchful and to protect and guard from any undue interference what has been gained, and on the other, to avoid taking uselessly any further initiative action either in the matter before us, or towards extending the arrangements as indicated in your despatch under reply, for at least some months to come. I will at the same time be careful to let no opportunity slip by towards securing either and keep you meanwhile duly informed of the course of events.

I have, etc.,

(signed) F. KLEINWÄCHTER,

Commissioner.

PROPOSALS FOR THE BETTER REGULATION OF COMMERCIAL RELATIONS :*

BEING A MEMORANDUM CALLED FOR BY THE TSUNGLI YAMÉN (BOARD OF FOREIGN AFFAIRS, CHINA), AND DRAWN UP BY THE INSPECTOR GENERAL OF CUSTOMS, PEKING, 23RD JANUARY, 1876.

**Despatch from the Inspector General of Customs to Their Excellencies
His Imperial Highness the Prince of Kung and the Ministers of
the Tsungli Yamén (Board of Foreign Affairs), Peking.**

INSPECTORATE GENERAL OF IMPERIAL MARITIME CUSTOMS,
PEKING, 23rd January, 1876.

1.—The Undersigned has the honour to acknowledge the receipt of the Yamén's despatch of the 6th October, 1875:—

[Despatch quoted in full.]

2.—The Undersigned would observe that to attempt the better regulation of all matters connected with the taxation of the commodities which pass through the ports open to trade is in point of fact to essay the better regulation of commercial relations,—that commercial relations of necessity bring in their train questions concerning person and property requiring judicial decisions for their settlement,—and that the various arrangements which thus come to be called for commercially and judicially necessitate governmental or administrative action in various directions. In giving effect to the Yamén's instructions the Undersigned has accordingly arranged his proposals under three general headings, viz.:—

Commercial,
Judicial, and
Administrative,

prefaced and supplemented by introductory and concluding remarks; and the plan adopted in the treatment of the subject has been to state the more salient features of existing arrangements with the complaints they have called forth from both native and foreigner, and then, guided by those complaints and their causes, submit such suggestions as are thought likely on the one hand to put a stop to

* Customs publications: V.—Office Series, No. 2.

the complaints that have hitherto existed, and seem calculated on the other to secure for both native and foreigner the rights, privileges and advantages to which they are entitled respectively.

3.—As for Commercial requirements—the principle running through past and present arrangements is one which distinguishes between persons and not between things, and the natural result is a jealous and angry feeling on all sides; the Commercial Proposals now submitted make no distinction of persons, but are based on distinctions in things: they place both foreigner and native on the same footing and make it impossible for either to say that the other possesses an unfair advantage. As for Judicial requirements—the principle running through the arrangements that have come down to us from the past is again found to be one which gives prominence to distinctions in persons and not in things, and no procedure is established for the joint action which ought to have place where both foreigners and natives are concerned; the Judicial Proposals now submitted not only provide for procedure but recommend a common code for mixed cases. As for the Governmental or Administrative action that the management of commercial relations and settlement of judicial business call for—the most striking feature of past and present arrangements has been that they appear to have provided for only one, instead of for both parties, and that they have been devised with so little reference to reciprocity, that to regard them with entire approval is an impossibility; the Administrative Suggestions now submitted give prominence to reciprocity and advocate the introduction of such arrangements as shall be fair to both parties, and satisfy all alike.

4.—The “Memorandum of Proposals” is now submitted, enclosed. If allowed to be given a trial to, its recommendations will be found to be of a nature that can be safely undertaken by the locality and be given full effect to by the Customs, and, at once securing what is useful and guarding against what is harmful, will be attended with no small benefit to general interests.

ROBERT HART,
Inspector General of Imperial Maritime Customs.

ENCLOSURE.

INSPECTOR GENERAL'S PROPOSALS.

I. INTRODUCTORY: §§ 1 @ 7.

- § 1. The Yamén's instructions: what they call for, and aim at.
- § 2. Whatever is recommended must bear two sets of tests.
- § 3. Past arrangements and present situation: their more striking features.
- § 4. Foreigners desire growth, and are progressive: Chinese aim at self-preservation, and are conservative.
- § 5. Extritorial stipulations as seen from two opposite stand-points.
- § 6. What Proposals must do, to be acceptable.
- § 7. Past arrangements elicited three kinds of complaints—*Commercial, Judicial* and *Administrative*: the Proposals now submitted similarly classified.

II. COMMERCIAL: §§ 8 @ 22.

- § 8. Commercial complaints: Port and Inland.
- § 9. " " : Port complaints.
- § 10. " " : " " : Import Trade.
- § 11. " " : " " : Export "
- § 12. " " : Inland complaints.
- § 13. " " : Chinese counter-charges.
- § 14. " " : " " : Port.
- § 15. " " : " " : Inland.
- § 16. " " : the necessary, not accidental, result of the Treaties.
- § 17. " " : how their causes can alone be removed.
- § 18. " Proposals, First set: To change present, and substitute presumably better arrangements.
- § 19. " " : Second set (alternative): To interpret existing stipulations liberally.

- § 20. Commercial Proposals, Third set (alternative): To interpret existing stipulations strictly.
 § 21. " " Fourth set (alternative): To invite mercantile suggestions.
 § 22. Proposals to be weighed from standpoint furnished by preceding remarks.
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III. JUDICIAL: §§ 23 @ 32.

- § 23. Judicial stipulations of the Treaties.
 § 24. Complaints originating in treatment of cases affecting Person.
 § 25. Complaints originating in treatment of cases affecting Property.
 § 26. Complaints originating in treatment of cases affecting Revenue Laws.
 § 27. Complaints point to differences in Principle, Law, Procedure and Penalty.
 § 28. Judicial Proposals, First set: To establish a common code, etc., for mixed cases.
 § 29. " " Second set (alternative): To establish procedure for joint action in mixed cases.
 § 30. " " Third set (alternative): To establish procedure for settlement of cases growing out of loss of life.
 § 31. " " Fourth set (alternative): To enable each to know how the other proceeds.
 § 32. What is chiefly wanted to silence judicial complaints.
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IV. ADMINISTRATIVE: §§ 33 @ 44.

- § 33. Connection in which administrative questions come up for consideration.
 § 34. Explanatory of the complaints styled Administrative.
 § 35. China: why unwilling to welcome innovation.
 § 36. " : " " " follow foreign advice.
 § 37. Extritoriality: what it effects, and what it obstructs.
 § 38. " : if renounced, what would result?

- § 39. Exterritoriality: what the foreigner values and China fears in the word, not identical.
- § 40. Administrative Suggestions, First set: To establish uniformity of treatment.
- § 41. „ „ „ Second set (alternative): To establish reciprocity in treatment.
- § 42. „ „ „ Third set (alternative): To establish sameness in treaties.
- § 43. „ „ „ Fourth set (alternative): To establish speedier revision of Treaties.
- § 44. What is chiefly wanted to silence administrative complaints.
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V. CONCLUDING: §§ 45 @ 50.

- § 45. Changes in, not confirmations of, existing arrangements wanted.
- § 46. Advantages likely to follow adoption of First Sets of Proposals.
- § 47. Some foreign objections indicated.
- § 48. „ native „ „
- § 49. Commercial, Judicial, Administrative: why this sequence was adopted.
- § 50. Conclusion.
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I. INTRODUCTORY.

§ 1.—A necessity having arisen for the introduction of arrangements for the better regulation of commercial relations, the Chinese Foreign Office issued the following instructions to the address of the Inspector General of Customs:—

[*Translation.*]

The Tsungli Yamēn (Board of Foreign Affairs) issues instructions to Mr. Hart, Inspector General of Customs.

With reference to the proposed adjustment of the Maritime Revenue and Likin Taxation at the Treaty Ports, the Yamēn conferred verbally with the Inspector General on the 23rd day of the 8th month (22nd September) as to the principles on which such adjustment should proceed; and on the 5th day of the present month (3rd October), a Memorandum on the points to be considered was handed to the Inspector General (*copy enclosed*). He is now again directed to consider the subject carefully in all its bearings, guided by the conference and the Memorandum aforesaid: he must bear in mind how all-important it is that his proposals should be advantageous and not harmful to China,—that they should be capable of being easily worked and effectively carried out at the Custom Houses and Barriers and by the local Authorities,—and that they should also be such as would not be likely to cause complications or present difficulties hereafter.

The Inspector General is in the first instance to embody his proposals in a Memorandum to be submitted to the Yamēn, on which action will be taken without delay.

Kuang Hsü, 1st year, 9th moon, 8th day (6th October, 1875).

Enclosure.

I°. It is suggested that China may continue to levy Likin taxes provided she consents to open more ports to Foreign Trade. Should this be formally assented to, could all the Treaty Powers be induced to acquiesce in such an arrangement and accept its conditions?

II°. For example with regard to Foreign Goods—it is proposed that both Import and Transit Duties shall be paid together on importation. In the various Treaties, however, the stipulations on this point are not identical: while in some it is provided that there shall be only one payment, in others it is left optional either to make one payment, or to pay by instalments when passing the Barriers. Would it be possible to obtain the consent of all the Treaty Powers to the adoption of one rule which would ensure an uniform procedure at every Custom House? Besides, in some of the Treaties it is directly laid down that regulations agreed to by one Power are not binding on other Powers. How is this to be got over?

Should there be diversity on either of these points, it will be impossible for the Chinese Custom Houses and Barriers to make the necessary distinctions.

III°. Again, as for the proposition to open additional ports to foreign trade in consideration of the Likin taxes being retained,—once it is decided that a certain port shall be opened, other Powers, who will not agree to the Likin taxation, will nevertheless claim access to the port under the “favoured nation” clause. Moreover, if the opening of new ports be conceded now, how could China assent to the demands other powers, at a future time, or at the time of treaty revision, might make for the opening of more ports? Before, when the question of adding to the Treaty Ports was discussed at the revision of the (British) Treaty, the plan adopted was that one port should be given in exchange for another. But if in future it is proposed to go on opening ports indefinitely, not only is China without an unlimited number of ports to open but there would be no ports to exchange.

The Yamén, in entrusting the consideration of this subject to the Inspector General, has only in conclusion to impress on him that his proposals must involve no injury to China, and that they must be such as can be easily worked and effectively carried out at the Custom Houses and Barriers; and also be susceptible of a satisfactory explanation to any one who may discuss them. If this is not done, not only will no advantage be derived, but those who are to carry them out will not be able to do so; and, rather than break faith through failure in performance, it would be better to arrange to deal with Foreign Goods and Opium in accordance with existing Treaty regulations, and carry out the former proposals of adjusting the Likin taxes in such a way as to secure their exemption.

Moreover, if the Chinese public again discuss the question of Transit Duty and the general levies on Ships, Pulse, etc., the withdrawal of prohibitions must be capable of satisfactory explanation, and the Yamén must not find itself without effective arguments against objections.

However, of all the above considerations, what must be sought for as of the most importance is a scheme capable of being effectively worked. Accordingly the Inspector General is asked to draw up a Memorandum on these points for the Yamén's consideration—a Memorandum whose proposals shall be advantageous and not harmful; otherwise time will be wasted in idle discussions, without ever obtaining practical results.

6th October, 1875.

Translated by

(S^d) WM. CARTWRIGHT,

Chinese Secretary.

The discussions which preceded and accompanied the issue of these instructions need not be specially or separately dwelt on; in one connection or another all the points raised will be adverted to in the following paragraphs, but they will be treated of as part of the general question and not as having formerly come up on such and such occasions. Besides, the dates fixed for Treaty Revision have already arrived for some, and will soon be arriving for the other Treaty Powers, and it is accordingly thought better to deal with the subject as affecting, and affected by, all.

The instructions call for such proposals for the better regulation of commercial relations as shall be

- 1°, suited to the locality;
- 2°, feasible for the Customs; and
- 3°, acceptable to all the Treaty Powers.

The difficulty of drawing up proposals that shall at once meet all these conditions is apparent; but the wisdom of imposing such conditions cannot be questioned. If not suited to the locality in which they are to be operative, new rules will but cause fresh troubles; if not feasible for the Customs, new rules will but elicit new complaints; if not acceptable to all the Treaty Powers, new rules will not only result in a greater divergence from uniformity, but, applied where inoperative and withheld where operative, will prove self-destructive, engendering endless confusion and causing reclamations on all sides, as well from those who were, as from those who were not, parties to them.

The Yamén's instructions make special reference to revenue and taxation, but what is really wanted is a set of proposals for the better regulation of commercial relations generally; and what is to be effected by this better regulation of commercial relations is, on the one hand, the removal of whatever is injurious to the rightful interests of Foreign trade, and, on the other, the suppression of such abuses as affect Native trade and Native revenue unfairly; it is, in short, desired to eradicate every cause of complaint, and place commercial relations generally on such a footing that they at least, and the kind of intercourse they necessitate, shall occasion no unpleasantness between the Treaty Powers and China.

§ 2.—In order to prepare the way for the Proposals to be now submitted, it is necessary to indicate some of the more striking features of existing arrangements, describe the complaints they have called forth, and state the requirements of both Foreigner and Native. This is all the more necessary, inasmuch as, in order that proposals shall meet the conditions formulated in the Yamén's instructions, the matter of any proposal must first bear to be tested from the standpoints furnished by two sets of circumstances, viz.:—

- 1°, circumstances that are likely to induce China or Treaty Powers to accept or reject any proposal when suggested; and
- . 2°, circumstances that are likely to further or impede the working of any proposal when adopted.

§ 3.—It is Trade that brings Foreigners to China, and it is for the protection and extension of trade that treaties have been made. The trade of the day may be described thus:—it gives freight to about 10,000,000 tons of foreign shipping annually; imports may be valued at £28,000,000 and exports at £27,000,000; the revenue accruing to China is £4,000,000; 340 foreign firms are engaged in business and about 3,500 foreigners are resident at the open ports; of the trade, seventy per cent. is English, ten per cent. American, and the remaining twenty per cent. is made up by France, Germany and the ten other Treaty Powers.

The more striking features of the Treaties may be said to be as follows:—At this date there are fourteen ports open to foreign trade,—but as yet there is no authoritative definition of the word “port,” and port limits are nowhere marked out. Foreigners are allowed to settle at the ports and travel in the interior,—but are not to reside or rent hongs inland. Merchandise on arrival at a port pays import duty, and on departure export duty, according to a tariff intended to lay a charge of 5 per cent. *ad valorem* on all

commodities,—but after payment of import duty and before payment of export duty, imports and exports are subjected to other taxation; further, merchandise of foreign origin may be taken inland, and native produce for foreign export brought from the interior, free from other charges on payment of a Transit due equal to half the Tariff duty ($2\frac{1}{2}\%$) or, if it be not elected to pay the Transit due, on payment of ordinary local charges,—but the Transit rule is held by China to cover Imports only from port to place, and Produce only when intended for foreign export. Unsaleable goods re-exported are entitled to Drawbacks,—but China limits the time within which Drawbacks may be claimed. Where foreigners alone are concerned, all questions of life and property are arranged by their own officials, the Consuls, and where both natives and foreigners are concerned, native and foreign officials may act in communication,—but such conjoint action is left to chance and no fixed procedure has been laid down for the guidance of either side. Consular Officers are stationed at the ports and Ministers are resident at Peking,—but the ministerial position at Peking is not accorded those privileges which are its rights in other Capitals. Finally, one of the results is, that, as the Treaties provide one kind of treatment for the foreigner, and the laws another for the native, occasions are constantly presenting themselves on which it is to the foreigner's advantage to be treated like a native, and to the native's advantage to be treated like a foreigner.

Such are some of the salient features of existing arrangements, and among them the most remarkable are the extraterritorial articles. The foreigner's fore-knowledge of his own requirements dictated the stipulations the Treaties contain, and the native's awakening consciousness of his international status, and of the effect of treaties upon his domestic condition, has ever since made him anxious to shape their working: it is not to be wondered at that the foreigner should have sought for and secured extraterritorial privileges, and just as little is to be wondered at that the creation of such privileges should have led China to view foreign intercourse from a standpoint which very few foreigners as yet realise.

§ 4.—If it is asked what more the foreigner wants in China, seeing that he has all that the preceding paragraph enumerates, the reply is that on the foreign side the end now sought for is freedom for every kind of trading or industrial operation, and with that freedom is claimed ample protection for all concomitant rights. Resolve this generalization into its components, and it means that the foreigner wants unrestricted access to whatever place interest suggests—taxation according to a fair, fixed and uniform tariff—

improved means of locomotion and transit—right to use all appliances suited for the development of local resources and new industries—and foreign, as distinguished from Chinese, treatment for person and property.

On the Chinese side the object hitherto, and still, kept in view has been, and is, self-preservation: change is not welcome—change is always suspected and subjected to counteracting influences on every side—change is only recognised as a native growth when it takes root and spreads imperceptibly and healthily among the people of a locality—change is rarely accepted on foreign suggestion except when imposed by foreign force.

Thus, foreign and native aims—the one progressive and the other conservative—are at once seen to be of such a kind that the foreigner must be content to wait with patience for native developments if he is to gain his end peaceably, and the native must acquire an enlightenment of a kind yet little known in China if he is to move forwards of himself towards, and finally acquiesce in, the same result. As for this Chinese desire to keep change at a distance—the impossibilities of such a programme are gradually becoming more generally known and acknowledged.

§ 5.—While following up his own aims in China the foreigner carries with him one striking peculiarity—extritoriality. He comes to China for gain, but he first of all wants what he considers security: he has thus got almost complete extritoriality, and to it he seeks to add almost as complete liberty of action. But, whatever the demands of commerce may be, home governments cannot but admit that there are here and there restrictions in themselves proper to be enforced.

When China acquiesced in various treaty stipulations, it never occurred to her that what she was conceding was what goes to constitute what is now termed extritoriality. The stipulations gradually showed their shape, and what they concede and how such concessions operate on the country that grants them, are now increasingly understood in China. Such an arrangement may of course save China the trouble of settling inter-foreign disputes, but its advantages in this direction have not been found to compensate for what is felt to have been thereby lost in governmental tone.

Accordingly when the foreigner seeks for extension of intercourse and greater freedom generally, and couples with the request for this the demand that he shall remain on the same footing, *i.e.*, extritorialized, friendly negotiation has difficulties to encounter that were unknown to first-comers who dictated treaties.

In view of the fact that extraterritorial stipulations do exist and are really operative, it is evident that any proposals which do not make adequate provision for the security of life and property will not be acceptable to the Treaty Powers, and in view of the fact that, whatever they may contain of what is expedient and useful, extraterritorial stipulations do contain a something that the Government concerned must sooner or later take exception to, it is equally evident that any proposals which ignore what China feels and says on the subject of existing arrangements will similarly be unacceptable to China.

Accordingly, in reviewing the commercial side of intercourse, it becomes necessary to consider also what commercial treaties have done by way of giving a peculiar status to the foreigner and for the settlement of questions to which he is a party.

§ 6.—China recognises the fact that the foreigner differs from the native in countless ways, and that special arrangements are necessary for his affairs—China is as ready to acknowledge this as the foreigner, seeing how different are natives from foreigners, is to demand special treatment; and, taking it for granted that on both sides there is a sincere desire for friendly relations, it ought not to be impossible to find a common mean. But to really find this, it is the facts of the day and not the legislation of a former period that must be given prominence.

Foreigners not being at all likely to surrender what may be called *defensive* extraterritoriality, and China not being at all likely to invite foreign suggestions or willingly assent to foreign demands while what may be called *aggressive* extraterritoriality is maintained, the Proposals the Yamēn's instructions call for—if they are to have any practical value—must put forward considerations that are calculated:

- 1°, to convince the Treaty Powers that the limitations of any stipulation afford sufficient margin for the exercise of the rights it guarantees;
- 2°, to induce China to see that the concession is not unlimited; and
- 3°, to promise an improvement on the regulations and procedure now existing.

§ 7.—What, then, is the foreign complaint that has resulted in the issue of the instructions now received?

Taken at its widest, the foreign complaint is that China does not let foreigners do in China, *plus* extraterritoriality, what they suppose they would be allowed to do at home. Foreigners cannot

establish themselves at pleasure in the interior—cannot open mines—cannot make railways; Chinese themselves are not allowed to introduce foreign appliances; foreign goods are taxed at the treaty ports where, having paid import duty, they ought to be free, and, after next paying transit dues and thus purchasing (it is said) the right to future exemption, are again taxed in the interior times without end; foreign claims, whether against defaulting traders or treaty-violating mandarins, are always trifled with and never satisfied; foreigners are insulted—assaulted—killed, and redress is either not obtainable, or is of such a kind and so tardily granted as to only aggravate the original offence, etc., etc., etc.

Viewed as to their origin and nature such complaints or causes of complaint may be arranged under three general heads:

- 1°, *Commercial*, or Treaty rights withheld and interfered with;
- 2°, *Judicial*, or Litigation unsatisfactory and rarely successful; and
- 3°, *Administrative*, or Suggestions for progress not adopted.

Under these heads, and in the same order, will now be found some remarks on each class of complaints, followed by the Proposals the Yamén's instructions call for.

II. COMMERCIAL.

§ 8.—When we examine what the foreigner says about intercourse from the commercial point of view, it is found that treaty provisions are spoken of as not having full effect given to them, and the complaint is that treaty rights are here withheld and there interfered with. It will be convenient to look into these complaints under two headings—

- 1°, Port complaints; and
- 2°, Inland complaints;

but it is throughout to be remembered that foreign complaints of rights withheld are accompanied on the other side by Chinese counter-charges of privileges abused.

- § 9.—Under the first heading, *Port complaints*, foreigners allege
- 1°, that their Import business is checked by the heavy taxes levied on foreign goods at the ports in the form of Likin and other charges, after and in addition to the payment of Import duty; and
 - 2°, that their Export business is in turn hampered because they are called on to prove payment of inland taxes, or pay transit dues in default of proof, on native produce purchased at the ports.

§ 10.—As regards *Import* business, it is beyond dispute that Likin and other taxes are levied on imports at the ports; at Shanghai, Amoy, Foochow, and latterly at Tientsin, such charges have been notoriously heavy.

On the one hand China maintains that no special areas are included in what are called treaty ports,—that no stipulations have been made as to what is not to be done at treaty ports,—that the Government has as much right to levy such additional taxes at the ports themselves as it has to levy them on duty-paid imports at any place in the interior,—and that there is no reason why people should be exempted from such charges at the ports any more than inland.

There are various considerations to be urged in support of the position thus taken up.

On the other hand, the foreigner holds that his payment of import duty ought to admit his goods into circulation at the "port" without further charge,—that the wording of the tariff rules, which interpret the transit privilege and fix the transit procedure, by making transit dues leviable only when a commodity is passing the first barrier on its way inland, not only constitutes that barrier the dividing line between port and interior, but implies that, till that line is crossed, goods are of course not to be called on to pay additional charges, and thus postulates his right to port exemption,—and that, as for charges paid by people at the ports, compared with those paid by people in the interior, in the natural order of circumstances, increased distance from the place of production entails additional charges and enhanced value. Here, again, there are many considerations to be urged in favour of the foreigner's views.

The one thing that there is no doubt about is that heavy Likin charges do exist and do obstruct the growth of import business. At the same time, when the foreigner goes on to say that, if these

heavy port charges are abandoned, import trade will increase and import duties make up for lost Likin, China replies that, be that as it may in the abstract, if Likin is not collected *now*, inland tranquillity, so essential to the continuance of even the trade of to-day, cannot with certainty be maintained.

Again, when the foreigner complains that his opium business is harassed and interfered with by the surveillance exercised and arrests made at his very door by the Likin officers and spies, the Chinese retort that it is necessary to act thus, seeing that the native smuggler has always the sympathy and aid of the foreign trader.

It is thus at once evident that each party owes full consideration to the statements of the other, and that the conflict of rights and interests on both sides can only be arranged by mutual concessions.

§ 11.—As regards *Export* business, the Chinese demand for transit dues where proof of payment of inland taxes on native produce purchased at a port is not forthcoming, has its *pros* and *cons* also.

On the Chinese side, it is urged that the tariff rule supports the demand: "Permission to export produce which cannot be proved to have paid its transit dues will be refused by the Customs until the transit dues shall have been paid,"—and it is argued that, even without this express rule, the demand is in itself reasonable.

On the foreign side, it is replied that the words quoted have special reference to produce brought from the interior under transit passes, and do not apply to produce generally,—and that it is not fair to demand such proof from an exporter of produce; for how can he adduce it, seeing that his total shipment has been bought piecemeal on twenty or thirty different occasions from forty or fifty different middlemen, who in turn had purchased in small lots from producers, which producers had brought their produce to the market at different times, by different routes, and had paid transit dues or inland taxes at various barriers and offices?

Thus, each has something with which to support his claim, and, here again, it is consideration for each other's views and mutual concession that will effect most. The Chinese Government has a fair right to protect itself against loss of inland revenue as the result of the transit privilege it has conceded, and the foreigner has as fair a claim to be freed from a burthen which ought not to be put on him.

§ 12.—Under the second heading, *Inland Complaints*, the foreigner alleges:—

- 1°, that transit certificates are not respected *en route* :
- 2°, that after arrival at their destination, transit-paid imports are again subjected to local taxation;
- 3°, that foreign goods in the interior are either differentially or prohibitarily taxed; and
- 4°, that, by means of various charges collected from producers, the transit privilege for native produce brought from the interior for foreign export is completely neutralised.

In reply, China urges the necessity for raising funds, a necessity which exists and operates in China just as in other states, and the difficulty of preventing mistakes along routes that are only recovering tranquillity after a long period of rebellion. Further, pointing to the abuse of transit privileges by foreigners, China maintains that transit certificates merely protect from taxation *en route*, i.e., from port to place *inwards* and from place to port *outwards*, and contends that, away from the transit certificate, all goods on Chinese ground are simply Chinese goods, whatever their first origin; the payment of transit dues does not entitle native produce to receive back what it had previously paid by way of local taxes, nor does a similar payment in the case of foreign merchandise free it for ever after from all further taxation.

That the case is as the foreigner complains cannot be wholly denied: as little or less can it be said that there is no force in what China puts forward in reply. But even admitting that the occurrences foreigners object to have been sufficiently numerous to warrant remonstrance, it must be pointed out that while, on the whole, very few instances of refusal to respect transit documents have been actually adduced, the majority of the few known cases have really been cases in which either transit documents were being used for goods they ought not to cover, or non-transit-paid goods were travelling in company and mixed up with transit-paid goods—in a word, in the majority of known cases there has been quite sufficient reason for supposing that the transit privilege was being abused. The transit system has existed some fifteen years: tens of thousands of certificates have been issued, and not twenty cases in all have been instanced in which the certificates are known to have actually failed to do what they were intended to accomplish,—a

fact which, notwithstanding what the one party says about interference with, and the other about abuse of, the transit privilege, on the whole speaks well both for the system and themselves.

At the same time, seeing that complaints do exist,—complaints, on the one side, of a transit right not respected, and on the other, of a transit privilege abused,—not only would it be well to have an authoritative declaration of the intention and scope of the transit stipulation, but advantage ought to be taken of the opportunity to reconsider the general question, and introduce any improvements likely to help the satisfactory working of the very important rules which provide for access to both inland marts and producing districts.

§ 13.—But while thus much is said about foreign complaints concerning treaty rights withheld or interfered with at the ports and in the interior, it must not be forgotten that China has also put forward counter-charges, and that this review of the conditions subject to which the proposals called for must be made, would be incomplete were Chinese complaints neither indicated nor examined.

§ 14.—Thus, *at the Ports*, China complains—

1°, that foreigners act as consignees for Chinese-owned, foreign-bottom-brought goods, to enable those goods to evade the local charges payable on native-bottom-brought goods of the same description, and that they thereby defraud the revenue and place Chinese trading in their own names at a disadvantage.

The foreigner replies that 1°, the flag covers the goods, and that what is entered under one tariff, the foreign, is not liable under the other, the native; and besides argues 2°, that having already paid import duty according to the foreign tariff, it is unfair to the goods, and harmful to the interests of foreign shipping, to let them be taxed further. Both clauses of the reply have something in them: but so has the complaint; moreover, it must be allowed, that, whatever else treaties and intercourse aim at doing, it is not intended or desirable that their provisions and conditions should be wrested to injure Chinese revenue. The matter is clearly one that ought to be attended to, and arranged for.

2°, that foreigners convoy opium for Chinese, to prevent the collection of Likin.

The preceding remarks apply to this also, but it may be added that this practice of convoying opium is not only less justifiable than the act of appearing as consignee of Chinese-owned Chinese Goods, but, if carried to a certain point, becomes criminal and exposes the person concerned to the greatest personal risk.

3°, that foreigners make it part of their port business to sell their names and transit documents to Chinese to cover produce brought from the interior, but neither intended for foreign export nor in any way the property of foreigners.

This complaint is connected with those that follow under the heading of *Chinese Inland complaints*.

§ 15.—While it is thus at the ports, it is complained, *Inland*—

4°, that foreigners bring down produce from the interior for Chinese, and that, as such produce is not intended for foreign export and does not concern foreign trade, goods are thus brought under the transit rule which ought not, and were not intended, to have the benefit of it, not only causing loss to local and special revenue, but creating for one man's goods unfair advantages over those of other men.

This complaint is believed to be founded on fact, and the proceeding is, beyond question, an abuse. Its rectification would form part of any authoritative declaration of the scope of the transit rules.

5°, that foreigners purchase produce inland, and, after passing it "in transit" at various barriers without payment of taxes, sell it in the interior, thus escaping both local tax and port transit due, causing loss to revenue, and competing unfairly with native traders.

It is doubtful whether there have been many instances of such inland trading, but it is not an impossibility, and, in any re-arrangement of the general question, the rectification of this possible abuse ought not to be overlooked.

6°, that foreigners engaged in a lawful transit business engage at the same time in an illegal inland trade alongside of, and covered by the lawful trade, *e.g.*, by both buying and selling produce in the interior, and by carrying goods not entered for transit in company with goods covered by transit documents.

This charge may or may not be well founded: in any case, the complaint needs to be kept in mind.

7°, that foreigners defy the officials at the inland barriers and refuse to submit to examination.

If this occurs the foreigner is clearly doing wrong, but to permit it to occur is the fault of the barrier officials. Such complaints were often heard some years ago, but latterly no instance has come under notice.

§ 16.—It will be seen that both foreign and native complaints at the ports and in the interior are not chance growths, but the necessary products of a system and its rules. Commercial intercourse may be said to mean, first of all, exchange of products; thus commercial intercourse between China and not-China would mean exchange of China's for not-China's products. But commercial intercourse between China and not-China under the treaties covers something more: it means not merely exchange of China's for not-China's products, but goes further and authorises not-China to engage in China's internal trade,—in the exchange of the products of any one part for those of any other part of China. It does not even stop here—it goes still further: it means that not-China shall engage in China's internal trade, not in accordance with China's regulations and tariffs for native traders and inland budgets, but in accordance with a novel system devised for not-China's advantage as a foreign trader, and a tariff and regulations originally intended for foreign and not native trade. The foreign tariff and its attendant rules may be unobjectionable as long as their operation is restricted to commercial intercourse in its first signification; but, set up in competition with a native system and applied to internal or domestic trade, they have created a serious derangement in China's affairs. At every point they favour the enterprise of the native who breaks native laws, and while they thus act injuriously on honest Chinese traders, they also create difficulties for, and make enemies of the officials who administer native laws; at some points they even restrict the foreigner's own operations. The result has been harmful to native merchants and native revenue,

and the sense of this has again resulted in opposition to the extension of foreign intercourse and interference with the rights of foreign commercial intercourse properly so called. Most if not all of the complaints are to be traced directly or indirectly to the contemporaneous existence of two systems—a foreign tariff and a native tariff—side by side, and until this is changed complaints must continue to be uttered.

§ 17.—What precedes in a word amounts to this: the foreigner complains that China violates his treaty rights,—China complains that the foreigner abuses his treaty privileges. New rules ought therefore to aim at doing two things: they ought to reduce China's temptation to violate the foreigner's treaty right to a minimum and make the abuse of treaty privileges an impossibility for the foreigner, and they must neither create new burthens nor rescind existing privileges. These ends can only be secured when each party is really desirous of a fair and satisfactory settlement, and ready to concede to what the other urges all the consideration the circumstances merit.

The Commercial Proposals will now be submitted in four alternative sets.

§ 18.—COMMERCIAL PROPOSALS: *First Set.*—Seeing that foreign commerce is really interested in but a few of the hundreds of classes of articles that reach and leave Chinese ports, and in order, on the one hand, to secure for these few classes the fullest possible benefit of the widest interpretation of the treaty rights held by some to already exist, *i.e.*, freedom from all taxation on payment of a fixed tariff duty, and, on the other, to secure for China the greatest possible exemption from any abuse of treaty privileges in respect of all other goods, *i.e.*, no right to exemption from necessary local taxation, it is proposed:—

IMPORTS.

1°. That, on the one hand, the Treaty Powers shall consent that the following Imports, say, *Cottons, Woollens, Metals and Sugar*, shall pay Import duty and Transit due simultaneously to the Maritime Customs on arrival at a treaty port; and that, on the other, China shall consent that the said goods shall be for ever after in all parts of China, whenever, wherever, and with whomsoever found, free from every kind of local, territorial or special tax.

- 2°. That, on the one hand, the Treaty Powers shall consent that *Opium* shall pay an Import duty of One hundred and twenty taels per pecul to the Maritime Customs on arrival at a treaty port, and that away from the port, *i.e.*, at a distance of Thirty *li* from the Custom House, it shall be regarded as a Chinese commodity, and be subject to local, territorial and special taxation, whenever, wherever, and with whomsoever found; and that, on the other, China shall consent that no other charge shall be levied at the port.
- 3°. That, on the one hand, China shall consent that *all other Imports* shall be freed from payment of Import duty and Transit due to the Maritime Customs on arrival at treaty ports; and that, on the other, the Treaty Powers shall consent that all such goods shall be dealt with after landing—but not in connection with landing—by the local territorial authorities in accordance with local regulations.
- 4°. That, on the one hand, China shall consent that at distributing ports having a direct foreign import trade, such as Shanghai, the duty-paying imports above named may be entered as “in transit for other ports,” and, a bond being given by the original importer, be freed from payment of import duty and transit due for a period of.....months or till arrival at another port; and that, on the other, the Treaty Powers shall consent that three years after arrival Re-exports shall not be entitled to Drawbacks.

EXPORTS.

- 5°. That, on the one hand, China shall consent that the following Exports—the staples of foreign trade outwards—say, *Tea*, *Silk*, *Sugar* and *Cotton*, shall be exempt, whenever, wherever, and with whomsoever found, from every kind of local, territorial or special tax in every part of China; and that, on the other, the Treaty Powers shall consent that the said goods shall pay Export duty and Transit due simultaneously to the Maritime Customs on shipment at a treaty port.
- 6°. That, on the one hand, China shall consent that *all other Exports* on shipment at treaty ports shall be freed from the payment of Export duty and Transit

due to the Maritime Customs; and that, on the other, the Treaty Powers shall consent that all such goods shall be dealt with in every part of China—but not in connection with shipment—by the local territorial officials in accordance with local regulations.

TRANSIT.

- 7°. That, on the one hand, China shall consent that foreigners and natives may alike take, send, buy and sell Cottons, Woollens, Metals and Sugar inland, without being anywhere or at any time subject to any tax or charge whatever; and that, on the other, the Treaty Powers shall consent that foreigners or natives who may take, send, buy or sell other goods inland may alike do so, but without exemption from any local, territorial or special tax or impost.
- 8°. That, on the one hand, China shall consent that foreigners and natives may alike bring, send, buy or sell Tea, Silk, Sugar or Cotton from, to, or at inland places, without being anywhere or at any time subject to any charge whatever; and that, on the other, the Treaty Powers shall consent that foreigners or natives who bring or send, buy or sell, other Chinese produce from or to or in the interior may alike do so, but without exemption from any local, territorial, or special tax or impost.
- 9°. That all transit documents being thus done away with, aliens must carry with them the prescribed passport when travelling in the interior.

TREATY PORTS.

- 10°. That in return for this general re-arrangement of the commercial question, China shall consent to open new ports to foreign trade,—say, *Chungk'ing*, *Ichang*, *Nganking*, *Wuhu*, *Wenchow*, etc.

REVISION.

- 11°. That in return for this general re-arrangement of the commercial question, the Treaty Powers shall consent that every fifth year there shall be revision of the Commercial Regulations and Tariff, when the list of duty-paying goods, rates of duty, differences of rate resulting from differences in measurement and quality, etc., shall be reconsidered: the revised rules, etc., to come into operation the following year.

§ 19.—COMMERCIAL PROPOSALS: *Second Set.*—Supposing that the first set is negatived, and seeing that complaints have their origin, on the one hand, in want of clearness in the treaties, and, on the other, in difference of rules for natives and foreigners,—seeing, besides, that, in point of want of clearness, the chief defect in the treaties is in the provisions respecting merchandise that has paid duties or transit dues, and that the chief evil resulting from difference of rules is the impossibility of uniformity, it is proposed:—

- 1°. That Imports of foreign origin, after payment of import duty, shall be free from every kind of tax at the port, and shall not be again taxable till, when crossing the line that divides port from interior, transit dues are leviable: a mixed commission to sit at each port to determine the port area and fix the boundary line.
- 2°. That Imports entering the interior may do so with or without transit papers: if without transit papers, they are to be liable for all local taxes no matter in whose hands,—and if carrying transit papers, which natives and foreigners may alike procure on payment of the treaty transit due, they shall be free, no matter in whose hands, from all taxation both *en route* from the port and on arrival at the place. On sale at the place of destination, or on departure from it, the transit papers are to be given up, and the goods, no longer protected by the certificate, are to be held liable for all future local taxes no matter in whose hands, like all other non-transit-paid goods;—but such goods are not to be differentially taxed or in any way called on to make up for charges escaped while travelling under the protection of transit papers.
- 3°. That Native Produce from the interior may be brought down by natives and foreigners alike under transit papers—or, if those concerned so desire, without transit papers and like all other Chinese Goods, *i.e.*, without exemption from any local tax. If brought down under transit papers and exempted from local taxation, such produce on arrival must be entered at the Maritime Customs as “in transit.” When subsequently shipped to a foreign country, it shall pay Export duty and Transit due: if shipped to another treaty port, it shall pay Export duty and

an inland due equal to the Export duty: if not shipped to foreign or treaty port, within months from arrival, the person who registered the produce as "in transit" shall pay an inland due equal to twice the Export duty.

- 4°. That Foreign Imports whether with or without transit papers may be disposed of *en route*, but Native Produce once entered for transit and travelling under transit papers may not be disposed of inland, but must be brought to the treaty port, failing which the merchant concerned will be required to pay a fine oftaels. Where transit-paid and non-transit-paid goods travel in company, the merchants concerned must hand lists of their goods to the Barriers met with: if any non-transit-paid goods are found travelling with transit-paid goods and are not reported by the merchant, all the goods, whether transit-paid or not, will be confiscated.
- 5°. That Re-exports shall not be entitled to Drawbacks unless re-exported within three years from first arrival.
- 6°. That there shall be a revision of the Tariff and Tariff Rules every fifth year, and that the revised Tariff and Rules shall come into operation the following year.

§ 20.—COMMERCIAL PROPOSALS: *Third Set.*—Supposing neither first nor second set to be accepted, and supposing that the meaning of the treaty really is, that, after payment of Import duties, foreign goods, alike at the port and in the interior, are taxable like all Chinese goods, and are only to be exempted from taxes while travelling from a port to a place accompanied by transit papers, it is proposed:—

- 1°. That it shall be authoritatively stated that, whether owned by natives or foreigners, imports of foreign origin may be taken inland under transit papers from port to place by Chinese as well as foreigners, and that the transit papers are to be surrendered on arrival at the place, and the goods thereafter regarded as Chinese goods, liable for all charges, no matter in whose hands.
- 2°. That when produce is brought from the interior under transit papers, the bringer shall deposit a promissory note for the value of the produce with the Customs, and that, in the event of the produce being exported

to a foreign port within.....months from arrival, the promissory note shall be cancelled: failing this, the promissory note shall be presented and enforced.

- 3°. That Foreign Imports, whether with or without transit papers, may be disposed of *en route*, but Native Produce once entered for transit and travelling under transit papers may not be disposed of inland, but must be brought to the treaty port, failing which the merchant concerned will be required to pay a fine of.....taels. Where transit-paid and non-transit-paid goods travel in company, the merchants concerned must hand lists of their goods to the Barriers met with: if any non-transit-paid goods are found travelling with transit-paid goods and are not reported by the merchant, all the goods, whether transit-paid or not, will be confiscated.
- 4°. That Re-exports shall not be entitled to Drawbacks unless re-exported within three years from first arrival.
- 5°. That there shall be a revision of the Tariff and Tariff Rules every fifth year, and that the revised Tariff and Rules shall come into operation the following year.

§ 21.—COMMERCIAL PROPOSALS: *Fourth Set.*—The first set comprises the proposals thought most likely to be really useful to both foreigner and native,—the second set follows the more liberal interpretation of the treaty,—the third follows the less liberal interpretation. Supposing all three sets to be thrown out, a starting-point must be elsewhere sought. It is therefore proposed:—

- 1°. That, if officials have no satisfactory propositions to make, the merchants themselves, with whom the demand for a re-arrangement originated, be called upon to propose the rules they wish to be bound by, within the limits of existing treaties.

§ 22.—The remarks that precede the Proposals, §§ 8 @ 17, will have prepared the reader to understand the object aimed at by each suggestion, and to see why and where the alternative sets differ from each other. In the concluding remarks at the end of this Memorandum, §§ 45 @ 50, will be found some observations on the advantages the various Proposals, but more especially those of the First set, are thought to offer.

III. JUDICIAL.

§ 23.—The commercial provisions of the treaties had naturally to be supplemented by judicial arrangements. The judicial stipulations are as follows:—

- a. Questions between foreigners shall be subject to the jurisdiction of the foreign authorities.
- b. Chinese guilty of criminal acts towards foreigners shall be punished by the Chinese authorities.
- c. Foreigners committing a crime in China shall be punished by the foreign authorities.
- d. Foreigners having a grievance against Chinese shall state it at the Consulate: the Consul shall try to arrange it amicably, and if he fails to do so, shall request the Chinese authorities to assist, that they may examine together and decide equitably.
- e. Chinese having a grievance against foreigners may state it at the Consulate: and the Consul shall act as before.
- f. In cases of incendiarism or robbery, the local authorities are to recover stolen property, suppress disorder and punish the guilty.
- g. If a foreign vessel is plundered the Chinese authorities are to arrest and punish the pirates, and recover the stolen property.
- h. Chinese taking refuge at Hongkong are to be surrendered to Chinese authorities on official requisition and proof of guilt, and, at the ports, on requisition.
- i. If Chinese debtors abscond, Chinese authorities are to do their utmost to arrest and enforce payment. Foreign authorities to act similarly if foreign debtors abscond.
- k. Chinese incurring debts at Hongkong, *i.e.*, out of China, the foreign courts on the spot are to arrange. If Chinese debtors abscond and reach Chinese territory, the Chinese authorities, on Consular application, are to do their utmost to see justice done.

These stipulations are sufficiently numerous and sufficiently general in spirit and letter to provide for the majority of possible cases, but, nevertheless, even in judicial matters, the complaints on both sides are many and frequent. Premising that such complaints

originate rather in difference of law, procedure and penalty, than in any premeditated intention to neglect business or act unjustly, some of them will now be noticed under the headings of *Person*, *Property* and *Revenue*.

§ 24.—Where questions affecting *Person* have arisen, foreigners have complained that their Chinese assailants have not been arrested, or, if arrested, have either not been punished or have been insufficiently punished, or that the real criminals have been allowed to escape and other friendless wretches substituted, or that, where several ought to have been alike punished, only one has been dealt with, etc., etc., etc.

On the other hand, Chinese in turn complain that foreigners assault Chinese with impunity,—that what China calls murder is invariably excused or made manslaughter by foreign courts,—that where Chinese law prescribes death, the offending foreigner is sentenced to only a short imprisonment,—and that, while the foreigner insists that Chinese shall be punished with death where foreign life has been lost, he, on his side, expects China to accept a small sum of money in lieu of a death punishment where Chinese life is lost, etc., etc., etc.

The foreigner charges the Chinese official with accepting bribes, and urges that Chinese torture will make any innocent person admit that he is the guilty criminal; similarly, the Chinese are not convinced that Consuls do not take bribes, and point out that the foreign mode of examining witnesses does not invariably elicit the whole truth, and that trial by jury does not always do justice. Moreover, while the foreigner protects the accused by throwing the onus of proof on the accusers, Chinese will not condemn or punish till the offender has himself confessed his guilt.

When these complaints are carefully looked into, it becomes evident that what gives common offence to both sides is not that crime is not considered crime or that the laws do not provide punishments for crime, but that there is no common and uniform procedure.

§ 25.—In the matter of questions affecting *Property*, complaints of much the same kind are to be heard.

The foreigner complains that the Chinese authorities are dilatory,—shield their own people,—refuse justice,—etc.; and the Chinese complains that the foreign officials fear to offend their own nationals,—believe the foreign and reject the Chinese evidence,—decide unfairly,—etc.

More especially, the Chinese feels aggrieved when he sees that a foreigner who has a claim against a Chinaman is never content till he has done his utmost to wring the whole amount from the family, friends or securities of the debtor, while the Chinese who has a claim against a foreigner is required to accept a decision which makes the debtor a bankrupt, and gives the creditor either nothing at all or only so much per cent.

Moreover, Chinese complain that foreign plaintiffs are often Chinese plaintiffs in disguise, and assert that the foreigner merely fathers them for a commission, the result being that, when the machinery of a Consular Court is set in operation, one Chinese is enabled to do injustice to another, and effectually screen himself behind the foreigner.

As with Personal Cases, so too in cases affecting Property, the procedure of the one side does not satisfy the requirements of the other.

§ 26.—When cases arising out of *Revenue* matters come up, the punishment provided for by the treaties is Confiscation or Fine. The penalty of Confiscation is prescribed when goods are discharged before permit to open hatches is issued,—when goods are landed or shipped, after hatches are open, without permit,—when goods are transhipped without permit,—when fraud on the revenue is detected in goods for which Drawbacks or Exemption Certificates are applied for,—when vessels trade at non-treaty-port places,—etc., etc.; and the penalty of a Fine is prescribed when masters fail to report their ships within forty-eight hours, or open hatches without permission, etc., etc. There is besides a special article of a general kind which says that when a vessel is concerned in smuggling, the goods, whatever their value or nature, shall be subject to confiscation by the Chinese authorities, and the ship may be prohibited from trading further and sent away as soon as her accounts are paid; and another article adds that all penalties enforced or confiscations made are to belong and be appropriated to the public service of the Government of China.

While the treaties have thus enacted rules and prescribed penalties in connection with their commercial stipulations and in addition to their judicial provisions, they have not established courts to record or procedure to try this class of cases. To remedy this defect *Joint Inquiry Rules* were subsequently drawn up. These Rules make this distinction: that, whereas the Chinese Customs have presumably already seized and hold possession of the goods concerned in cases for which the penalty is confiscation, while in

those cases in which the penalty is a fine, the individual concerned is a foreigner and, as such, can only be got at through his Consul, it is a mutually fair arrangement, in cases of fine, to require China to prove in the foreign Court that the individual has done what deserves a fine, and in cases of confiscation, to require the parties interested to prove in the Chinese Court that their goods do not deserve to be confiscated. In the one case the Customs authority sits with the Consul in the Consular Court, and may appeal against the Consular decision, and in the other the Consul sits with the Customs authority in the Customs Court, and may appeal against the Customs decision. This procedure is fair to all parties,—the open inquiry elicits all facts and gives full publicity,—and the right to appeal is adequate protection against either injustice or harshness. The *Joint Inquiry Rules* may therefore be held to supply a want, and so far they seem to have worked fairly well.

But nevertheless complaints are still to be heard: the foreigner, for instance, complains that in cases of confiscation the Chinese Government is pecuniarily interested, and urges that it ought not to have the power of judging where it is itself so directly concerned, and, on the other hand, China complains that where the letter of the treaty rule is clear and unmistakable, the foreign authority is continually urging that the spirit of it means something else, and invariably construes it in a way adverse to the punishment stipulated to be inflicted.

These complaints exist, and the inference is that the matter requires consideration and authoritative adjustment. The *Joint Inquiry Rules* have established a fixed and intelligible procedure, but they have failed to silence complaints, and the procedure cannot yet be pronounced to be the best possible under the circumstances.

§ 27.—The complaints to be heard on each hand concerning the way in which questions concerning Person, Property, and Fines and Confiscations for breaches of Revenue Laws, are judicially dealt with, all point in the same direction: a common procedure of a kind to silence the objections of both sides is still wanting. Considering that principle, procedure, and penalty all differ, it is no wonder that complaints are made; but seeing that there is no desire to be unjust, it is to be presumed that it will be possible to elaborate arrangements that will be accepted by, and be satisfactory to, both foreigner and native alike.

The Judicial Proposals will now be submitted: like the Commercial, they are drawn up in four alternative sets.

§ 28.—JUDICIAL PROPOSALS: *First Set*.—Seeing that on both sides there were laws and punishments long before treaties were thought of,—seeing that the judicial stipulations of the treaties fully prove that each wishes to act justly and give the other no cause of complaint,—and seeing that the complaints that have originated may be traced to the want of a common procedure, and that therefore the establishment of a common procedure in cases affecting both foreigners and natives is the chief end to be aimed at, it is proposed:—

- 1°. That disputes between foreigners, and in which Chinese are not concerned, shall continue to be heard and arranged by the foreign authorities.
- 2°. That for the arrangement of all questions affecting person or property, etc., and which concern both foreigners and natives, a Common Code shall be drawn up.
- 3°. That a Court shall be established at each Treaty Port to administer the Common Code: that this court shall be presided over by one of the Expectant Taotaos, to be appointed to that duty by the Governor of the Province, and that there shall be associated with him a foreign co-judge in Chinese pay: that in cases of importance there shall be two assessors, one to be named by the plaintiff and the other by the defendant: and that this court shall be empowered to summon foreigners and natives alike to appear as witnesses.
- 4°. That in addition to ordinary cases affecting Person and Property, all Customs cases involving confiscation of goods or fine for breach of regulations, shall be heard and settled by this court.
- 5°. That in cases involving not more than dollars, or punishment not exceeding imprisonment, the decision of this court shall be final.
- 6°. That in cases involving more than dollars, or punishment of a more serious nature than imprisonment, there may be appeal within days to the Chief Superintendant of Trade.
- 7°. That where the sentence of this court is death, it must be approved of by the Yamén and Minister concerned before being given effect to.

- 8°. That there shall be no torture made use of in the examination of witnesses—that confession of guilt be not required from the accused—and that perjury and contempt of court be punishable by fine and imprisonment.
- 9°. That lawyers may be employed to prepare plaints, examine and cross-examine witnesses, and draw up arguments in writing for both parties.
- 10°. That a full report of each case shall be transmitted through the Yamén to the Legation concerned, for its information.
- 11°. That the co-judges shall be five in number: one to reside at Tientsin, for duty at Tientsin, Newchwang and Chefoo,—one to reside at Hankow, for duty at Hankow, Kiukiang, Wuhu, Ichang and Chungk'ing,—one to reside at Shanghai, for duty at Shanghai, Ningpo, Chinkiang and Nganking,—one to reside at Foochow, for duty at Foochow, Wenchow, Tamsui, Takow and Amoy,—and one to reside at Canton, for duty at Canton, Swatow and Hainan.
- 12°. That the judicial rules shall be revised every fifth year, and the revised rules take effect the following year.

§ 29.—JUDICIAL PROPOSALS: *Second Set.*—Supposing the first set of Judicial Proposals, which aim at providing a common procedure, to be rejected, and seeing that, where both foreigners and natives are parties to a cause, if a common procedure is impossible, the next most necessary thing to be done to convince both sides that justice is fairly administered, is joint action, it is proposed:—

- 1°. That in all cases in which both foreigners and natives are concerned, Consul and native Magistrate shall sit together as President and Assessor, the former presiding when the defendant is a foreigner, and the latter when he is a native—that is to say, each in his own court.
- 2°. That when the property involved is of value above dollars, or the prosecution arises out of loss of life, the Assessor shall have the power of appealing against the decision of the President to the high authorities at Peking.

- 3°. That a resumé of cases shall be drawn up and circulated every fifth year, and rules of practice be drafted, precedents set forth and arranged, etc., for further guidance.

§ 30.—JUDICIAL PROPOSALS: *Third Set.*—Supposing neither first nor second set of Judicial Proposals to be accepted, and that neither a common procedure nor joint action is to be looked for, the next best thing to do is to provide for the most important class of cases, and seeing that it is to the procedure in cases arising out of occurrences in which life has been lost, that exception has most usually been taken, it is proposed:—

- 1°. That in all cases arising out of occurrences in which life has been lost, the local court shall make full inquiry, and send the proceedings to Peking for decision.
- 2°. That the punishment the crime merits shall be inflicted, and that pecuniary compensations shall not be permitted to be offered or received.
- 3°. That a list of cases shall be drawn up every five years and circulated for the ventilation of the general question.

§ 31.—JUDICIAL PROPOSALS: *Fourth Set.*—Supposing that all the preceding three sets of proposals are thrown out, and seeing that some closer acquaintance with each other's procedure is called for, it is proposed:—

- 1°. That each shall communicate to the other an explanation of what it is the duty of his national court to do, when a plaint is presented affecting person or property.

§ 32.—From the preceding Proposals it will be seen that, where questions arise affecting both natives and foreigners, it is a common code, a common procedure, a common penalty, and a common court that are chiefly recommended. As in the case of the Commercial Proposals, what remains to be said as to the advantages the acceptance of these Judicial Proposals is likely to yield, will be found in the concluding section.

IV. ADMINISTRATIVE.

§ 33.—In the introductory remarks, complaints were arranged under three headings, Commercial, Judicial and Administrative, and in view of the circumstances which condition action, it was said in § 6, to be practical, proposals ought to be of a kind to convince the Treaty Powers that the limitations of any stipulation afford sufficient margin for the exercise of the rights it guarantees, induce China to see that the concession is not unlimited, and promise an improvement on the regulations and procedure now existing. In §§ 8 @ 19 and §§ 20 @ 29 the Commercial and Judicial complaints have been examined and proposals have been put forward supposed to be an improvement on existing regulations and procedure. The class of complaints described as Administrative remains to be noticed: and it is in connection with them mainly and the suggestions about to be made to meet them, that an effort seems to be called for to induce foreigners to accept limitations and China to yield a sufficient margin. Anything effected in this direction will not be without its advantages.

§ 34.—What are these administrative complaints ?

On the foreign side they are chiefly of this kind: that foreigners are not allowed to circulate freely, or settle inland, or work mines, or introduce railways, telegraphs and mints, or procure the adoption of appliances which they have convinced themselves are certain to be attended with beneficial results, etc., etc., etc. These complaints amount to this: that the Chinese Government refuses to accept foreign advice, or give foreigners *carte blanche* in China—and these again, say the complainants, to this, that China, in a word, is hostile.

On the Chinese side corresponding complaints are also growing. Just as the commercial arrangements of the treaties have caused commercial and financial derangement throughout China, so, too, their administrative arrangements have created administrative difficulties for government and officials, and local grievances for gentry and people. The country begins to feel that Government consented to arrangements by which China has lost face; the officials have long been conscious that they are becoming ridiculous in the eyes of the people, seeing that where a foreigner is concerned they can neither enforce a Chinese right nor redress a Chinese grievance, even on Chinese soil; and the Government has to admit that for what it has given up, it has got nothing to show in return;—and all this is in turn attributed to the extraterritorial clauses of the treaties.

It is quite possible that the treaties are not to blame, politically, judicially or commercially, for all that is laid to their charge; but whatever handles they offer are on all sides eagerly laid hold of, and the grievances they are held to constitute are certain to be felt and complained of more and more the longer they are allowed to continue to exist.

§ 35.—Granted that China has shown unwillingness to accept foreign advice and act on foreign suggestions: to what is such unwillingness to be attributed? There are several causes in operation. First of all, the Chinese are a very conceited people—they will hardly allow that their condition is to be improved upon; secondly, the Chinese are a very contented people—they dislike and fear change, and believe that the way of living that satisfied their forefathers for two or three thousand years will do well enough for themselves; thirdly, officials and people were alike ignorant on all foreign subjects, and did not for a moment imagine that there was anything better out of China than they already had in it; fourthly, people and officials, but more especially officials, have been suspicious of the foreigners' intentions and still think every word must have some ulterior object, and every suggestion some sinister motive;—these and kindred reasons have operated and are operating on all sides against foreign ideas and foreign ways, but, obstacles though they long have been and now are, they are nevertheless forces which must decrease in power in proportion as Chinese become better acquainted with foreigners and enlightenment becomes more general. At the same time their temporary potency will be rather increased than removed by any foreign pressure intended for their removal. But alongside of these there exists another set of opposing forces,—forces which must increase in power in proportion as China increases in enlightenment, and whose removal China cannot effect till the foreigner himself wills it.

§ 36.—Granted that China is unwilling to increase the foreigner's liberty of action throughout the length and breadth of the land:—this, too, is not without an explanation.

When the first treaties were made China had had no experience of international dealings and no acquaintance with international relations, but the foreigner's knowledge of the many differences between Chinese and foreign official action in matters affecting property or person was already of a kind to make him unwilling to accept Chinese procedure: it was therefore wise and, at the time, right for the foreign negotiator to stipulate that questions affecting the persons or property of foreigners should be arranged by the

foreign authority, and, on the other hand, the Chinese officials who consented to that arrangement without stipulating for the various limitations by which it ought to have been accompanied, can hardly be blamed for their want of political foresight, even had they been free to refuse acquiescence. But during the thirty years that have elapsed since then, Chinese officials have learned many things: they know that the treaty powers do not respectively accord to each other's subjects the position that the treaties bind China to give,—they have seen that in questions between natives and foreigners, when the decision has rested with foreigners, natives, if it in any degree goes against them, are never satisfied,—and while they assert that the existence of this stipulation is already exercising an influence injurious to the prestige of the Government and the dignity of Chinese officials, they ask if it is to be wondered at that China refuses to assent to such an extension of it as might scatter it wholesale through China and multiply the troubles that foreign intercourse has so constantly caused them beyond all calculation.

Accordingly, when the foreigner moots any thing new, the suggestion—viewed with dislike as recommending change, and with suspicion as coming from the foreigner—is only too likely to be replied to thus:—It may be good, but, having done without it so long, we can do without it longer; it may be good, but, however good it may be, we cannot afford to accept it coupled with exterritoriality—we have granted exemption from Chinese control at the ports, but we cannot go on to make the exempt a power in the interior.

§ 37.—The foreigner's administrative complaint is that China does not accept foreign suggestions; China's reply is that she cannot do so, so long as their concomitant is unlimited exterritoriality.

Like all other general terms the *word* exterritoriality looms larger in its vagueness than it really is, and, such being the case, it may be unnecessarily standing in the way of both parties: that part of the *thing* exterritoriality which the foreigner really wishes for in China may be something which, once explained, China can continue to grant him without fear; that part of the *thing* exterritoriality which China dreads to see coming in as the concomitant of foreign suggestions, may be just the something that the foreigner does not really require or expect to be given. It would be hopeless to expect foreign powers to consent to give up exterritoriality categorically and without explanation; but the word may be given up, and, of the things it covers, such may be retained

under their own respective denominations as are really useful to the one side, and really harmless to the other.

What does the foreigner ask for? Is it to maintain his present hazy and indefinite extritorial status? He can do this: but not only will he then continue with no promise of other improvement, but will remain weighted with the opposition, suspicion and dislike that that status must ever keep alive for him in China. Is it extension of intercourse—growth of trade—development in China—improvement of international relations, that he seeks for? He can have these: but only on one condition—a re-arrangement and change of status. What does China seek for? Does she wish to keep out everything smacking of extritoriality? She can do so: but only at the loss of all the valuable lessons that foreign intercourse can teach. Does she want to learn those lessons—to become rich and strong? She can do so: but only on condition that she will allow of some kind or portion of extritoriality within her boundaries.

On the one hand, given the certainty that there will be no great amelioration of the present state of things—on the other, given the certainty that there will be improvement: there can be no question as to which is the more pleasing prospect. But accompanying the future that promises no improvement, the foreigner retains his undefined extritoriality; while accompanying the future that promises improvement, he has only a limited kind of extritoriality—has only so much of extritoriality as he can really find use for. Where then is the value of the other element as accompanying the one or as absent from the other—an unregulated extritorial status, whose presence necessitates the first,—stagnation, and whose absence ensures the second,—progress? Surely the time has arrived when such an understanding might be arrived at as should remove this obstacle from the common pathway of both foreigner and native: it is preventing the one from doing what will be for his own good—it is keeping the other from reaping the fair rewards of much study, labour and expenditure.

On both sides there is something valueless in extritoriality which either side can afford to give up to secure the something valuable in the improved intercourse that will accompany the residuum. Mutual concession is what is first of all necessary: but mutual concession is an impossibility, so long as there is not a common understanding,—and as for a common understanding, it cannot be arrived at unless both sides speak out.

If China says to the foreigner: you make too much of your extritoriality—you set too much value by it; the foreigner naturally

asks what he is to receive in exchange. If the foreigner says to China: you fear our exterritoriality too much—you see more in it than it contains; China as naturally asks in reply, what limits can be put on it.

§ 38.—On more than one occasion a high official has said: “give up exterritoriality and you may go where you like,”—and the last time the subject came up, he asked: “will you even let *our* people in *your* ports have the standing we give *yours* in *ours*? ”

If freedom of movement were all that is wanted, much might be urged in favour of closing with the first proposition: on the one hand, China would be certain to take the greatest possible care not to interfere with the foreigner needlessly, so long as he did nothing that Chinese may not do, and, if interfering, would be as careful not to treat him in a way likely to provoke foreign intervention; while, on the other hand, foreign countries would watch over the safety of their nationals just as jealously as they do now that they protect them by exterritoriality. The travelling foreigner would then meet with less hindrances and be better treated everywhere than at present.

But—the foreigner will reply—liberty to circulate freely and settle anywhere is not all that is wanted: foreigners want to circulate and to settle, in order to be able, in addition, to buy and sell and to introduce improvements and changes, and these—he fears—are the very things that any renunciation of exterritoriality would make it impossible for him to do. Better retain the exterritoriality now enjoyed at the ports and under passport, and the foreigner can already within a limited area act very freely: he can also continue to ventilate the improvements it is in his power to suggest, and can declaim against the blindness of the government that refuses to let its people appropriate all these benefits. But were the exterritoriality he already enjoys given up, he fears that the power which now keeps him from working freely in the interior would virtually eject him from the ports, and that, if haply allowed to remain or go inland, he would still have to become more Chinese than Chinamen, while the government would grow more exclusive than ever.

Such fears cannot be set aside as groundless; at the same time, just as it is certain that, at this date, the objection of the government is not so much an objection to improvements as an objection to improvements *plus* extension of unregulated and unlimited exterritoriality, so, too, it is more than probable that, were exterritoriality no longer the bugbear it is, China's cry would be

for, and not against, what the foreigner styles progress. As once before remarked, the difficulties of a merely conservative or anti-progress programme become daily more apparent—and its enforcement less likely to be persevered in.

§ 39.—It may safely be asserted that the extraterritorial stipulations of the treaties have done more than anything else to set the government against any extension of intercourse, and that these stipulations—whether it be by the interpretation given to them or the action taken under them—are increasingly producing an effect and exercising an influence unfavourable to the development of resources and introduction of improvements. Would it not, then, be well to take up the subject and hear what is to be said on both sides—how much of extraterritoriality the foreigner wants, why, and for how long—how much of extraterritoriality China feels at liberty to allow of, what it is she dislikes, and why—and put the whole question of the relation of each to other on a fair, friendly, and intelligible footing?

On the one hand, the foreigner must let China see that she is protected from what she has taken to be the chief dangers of intercourse; on the other, China must clear the course for foreign legitimate enterprise. Nothing will help to do both things so surely as a re-arrangement of the extraterritorial stipulations, and it is to do this—to still China's fears and open up a more promising future for foreign ideas, arts and inventions in China—that the following suggestions, like the complaints, styled Administrative, are submitted. The treaties, it is true, do not contain the word extraterritoriality, but the stipulations referred to in § 20 constitute the foreigner's extraterritoriality in China: the suggestions that follow will deal with stipulations in the concrete and not with the generalization.

§ 40.—ADMINISTRATIVE SUGGESTIONS: *First Set*.—Where there is intercourse between two countries there are two points of primary importance: 1°, that there shall be rules, and 2°, that the rules shall be plain, intelligible, and unmistakable: and among the ends to be thereby aimed at are these—that the foreigner shall not only know that he is not above the laws, but shall also know what laws he has to obey and how he is to be dealt with,—that the native shall know that the foreigner, though a foreigner, has his rights,—and that both foreigner and native shall know that each has made the proper concessions to the other. The first set of

suggestions, now to be submitted, are drawn up from this point of view.

1°. Seeing that doubt, discussion and inconvenience are the result of diversity of form and language in the treaties, and seeing that, in point of fact, and by reason of the "most-favoured-nation" clause, all the treaties, however dissimilar in form and language, are identical in spirit and matter, it is suggested:

To consider whether it would not be possible to draw up one common version in Chinese for all treaties, and to supplement it by equivalent versions in English, French, German, Russian, Spanish, etc., etc., etc.

2°. Seeing that to some extent what is objectionable in existing treaties may take its objectionable colouring from apparent want of reciprocity, and seeing that an appearance of reciprocity in treaty concessions not only causes concessions to be less objected to, but makes treaties generally easier to be worked, it is suggested:

To consider whether it would not be possible to arrange that foreigners arriving in China and Chinese arriving in foreign countries shall reciprocally on first arrival report themselves to their own Consul, and shall after that enrol themselves either with their Consul as Non-Residents or with the local magistrate as Residents, as they may themselves elect; the thus-enrolled Non-Residents to be thereafter acknowledged and treated as aliens, and the thus-enrolled Residents as natives. Where there is no Consul, the newly arrived to be for the time being held to be Resident.

3°. Seeing that where disputes arise between Non-Residents (*i.e.*, foreigners), which do not affect natives, the settlement of them need not necessarily be the work of the native officials of the locality, and seeing that in mixed questions, where natives are affected, it is the more especial duty of native officials,—who have consented to the coming of foreigners and made regulations therefor, and who are accordingly at the same time responsible for the well-being of both

native and stranger,—to see that disputes are fully inquired into and fairly settled, it is suggested:

To consider whether it may not be possible to extend the judicial provisions, proposed to be introduced and acted on in China, and arrange that while disputes between Chinese aliens in foreign countries are to be settled by their own Consuls, disputes between Chinese aliens and natives of the countries resided in or affecting both shall be heard and settled by a special court instructed to give effect to the common code proposed to be drawn up for the settlement of disputes between natives and aliens in China.

- 4°. Seeing that the treaty stipulations already provide that disputes between foreigners shall be dealt with by the foreign officials in accordance with the foreign laws, and that in cases where disputes affect both foreigner and native, the foreign and native authority shall conjointly settle matters equitably,—seeing that these stipulations do not place the foreigner above the native law or entitle him to disregard it,—and seeing further that it is a common complaint that foreigners do neglect to observe native laws held to be essential to the welfare, tranquillity and well-being of the localities concerned, thereby creating nuisances, causing discontent and evoking ill-will, it is suggested:

To consider whether it may not be possible to declare that foreigners—Chinese in foreign countries and foreigners in China—shall be reciprocally obliged to observe all such laws of the locality as are prohibitory of doings calculated to offend and disturb the locality: what a native is not allowed to do, a foreigner shall not do—what a native may do, a foreigner may equally do: offenders to be proceeded against in the special court.

- 5°. Seeing that foreigners may desire to possess lands and houses, and take shares in trades, industries and companies,—and seeing that such kinds of property and all such enterprises are governed by the law of the land and do not admit of a mixed treatment—one kind for the foreigner and one for the native,—and seeing that it will be alike advantageous

for such enterprises and for all who wish to share in them that the standing of all interested in them should be clearly proclaimed and defined, it is suggested:

To consider whether it may not be possible to declare that where aliens own lands or houses or hold shares in public companies and native industries, they must—Chinese in foreign countries and foreigners in China—equally with natives reciprocally obey the native laws drawn up for the regulation of such kinds of property. Questions arising in this connection to be dealt with by the special court.

6° Seeing that in the interests of the dignity and authority of local officials everywhere it is advisable that there should be no unnecessary exceptions to the exercise of their functions,—seeing that the tendency of any exception, necessary or not necessary, is to set the official in question against the parties for whom the exception is made in the other matters that it comes within the power of that official to permit or prohibit, further or impede,—and seeing that in Customs as in other governmental matters the same care to refrain from creating exceptions is also advisable to be exercised, it is suggested:

To consider whether it may not be possible to enact that foreign ships arriving in China and Chinese vessels arriving in foreign countries shall reciprocally report arrival, deposit papers, and clear at the Customs, and that Harbour Masters shall be empowered to note and extend protests, ship and discharge seamen, and do the other work of shipping-master and marine notary. The vessels and crews to otherwise retain their Non-Resident character, and be dealt with by their respective Consuls.

7° Seeing that it is mutually advantageous for officials to be easy of access to people, and seeing that the tendency of the necessary and official intervention of a third party is to give a hard and formal appearance to affairs, and to render official solutions necessary

rather than expedite amicable and informal settlements, it is suggested:

To consider whether it may not be possible to declare that foreigners—Chinese in foreign countries and foreigners in China—shall reciprocally be at liberty to address the native officials direct and without Consular intervention whenever they may choose to do so.

8°. Seeing that dues, duties and taxes are all levied by the authority of the government, and that there are tariffs according to which all such levies are raised,—seeing that foreign governments publish such tariffs and that China has also published the tariff of duties payable at treaty ports by foreigners,—and seeing that governmental requirements from time to time necessitate changes in special taxes raised in the provinces of China, it is suggested:

To consider whether it would not be possible for the Yamén to notify taxes, as established or abolished, to foreign representatives for communication to, and observance by their nationals.

9°. Seeing that growth and change are constantly calling for modifications, it is suggested:

That each fifth year these, so-called, Administrative regulations be revised: the revised regulations to come into operation the year following.

§ 41.—ADMINISTRATIVE SUGGESTIONS: *Second Set.*—Supposing the first set to be thrown out, and seeing that some kind and degree of reciprocity may help to counteract some part of the ill effects of whatever is bad in existing arrangements, and gradually prepare the way for an extension of reciprocity, and other improvements, it is suggested:

1°. That a common Chinese text be adopted for all treaties.

2°. That in foreign countries where China has established Legations and Consulates, disputes between Chinese and not affecting natives shall be arranged by the Chinese officials, and that in cases in which both Chinese and natives are concerned, the course

followed in China for their settlement shall there also be adopted.

- 3°. That vessels shall deposit their papers, etc., with the Customs, and enter and clear direct, without Consular intervention.
- 4°. That there shall be a revision of these arrangements every fifth year, and that the revised arrangements shall take effect the following year.

§ 42.—ADMINISTRATIVE SUGGESTIONS: *Third Set.*—Supposing neither first nor second set of these administrative suggestions to be accepted, and seeing that the existence of the “most-favoured-nation” clause in each treaty in point of fact puts all parties on the same footing, it is suggested:

- 1°. That one common Chinese text be adopted for all treaties, and one tariff for all merchants.
- 2°. That revision of treaty and tariff shall take place every fifth year and come into operation the year following.

§ 43.—ADMINISTRATIVE SUGGESTIONS: *Fourth Set.*—Supposing that none of the preceding sets of suggestions prove acceptable, it is suggested.

- 1°. That every fifth year there shall be a general revision of Treaties, Tariffs, Rules and Regulations.

§ 44.—From the preceding suggestions it will at once be seen that the chief objects in view are to arrange for general revision at regularly recurring and not too distant periods and thereby keep with the times,—provide a common Chinese text for all treaties and thereby make stipulations and rules easily intelligible,—introduce as much reciprocity in arrangements as circumstances will admit of and thereby win popular assent,—and improve existing stipulations wherever experience shows them to be defective and thereby obviate mischievous results. Should it be found possible to take action in the directions suggested, China would recognise the fact that foreigners in China are subjected to proper limitations and foreigners would equally recognise the fact that, although subjected to limitations, they are nevertheless able to obtain everything they have a right to look for. Such an end once secured would have a most beneficial effect on general interests. What yet remains to be said as to the advantages to be gained from the adoption of these Administrative suggestions will be found in the section that now follows, headed Concluding.

V. CONCLUDING.

§ 45.—For the present the four sets of proposals that precede may suffice; but it still remains to supplement what has been said in explanation of the causes that warrant such proposals by some remarks respecting the advantage they appear to offer.

If it be merely desired to retain and give full effect to existing treaties, what is mainly wanted is an authoritative declaration of the interpretation of a few debated clauses: on the commercial side, the chief desideratum is a definitive statement of the meaning of Drawback and Transit stipulations, and, on the judicial, a clear understanding as to the occasions on which the native and foreign authority shall act conjointly, and the nature and limits of that conjoint action. What have been adverted to as administrative requirements would thus remain unprovided for.

But, when the question of a better regulation of the commercial side of foreign intercourse is fairly met, and means and ends carefully looked at from the standpoints of both parties, it is evident that, in point of fact, what both want is, after all, changes in, rather than confirmations of, present arrangements. The treaties have forced foreigners into certain grooves, and have done even this in a way that has provoked native opposition; and, while the matter of each stipulation has opened the door to abuse of treaty privileges by one party and to interference with treaty rights by the other, the principle that runs through the stipulations has itself been the strongest possible incentive to abuse by these and interference by those. Everywhere there is an escape from restrictions, and a means of shutting the door in the face of liberty of action. If it be desired that intercourse should become friendlier—development quicker—and commerce greater, it is change and not confirmation that is called for.

§ 46.—The acceptance of any of the foregoing sets of proposals would remedy some existing evils; but it is for the first set that attention is especially invited.

If the first set of proposals should chance to be given a trial, their accruing advantages would speedily be recognised in the directions below indicated:—

COMMERCIALLY.

- 1°. One and the same treatment is provided for foreigner and native: so that there need neither be abuse of privileges nor interference with rights.

- 2°. The eight or ten commodities, Imports and Exports, in which foreign trade is really—if not alone—interested, are not only relieved from *uncertain* and *variable* taxation, but are freed from all taxation, on payment of the one fixed charge at a treaty port.
- 3°. The merchandise in which foreign trade is not interested and which circulates in China for Chinese domestic use is freed from the application of the foreign tariff at treaty ports and is left to be dealt with by the territorial authorities according to local rules and requirements.
- 4°. As regards a third class of goods, viz., the articles of foreign origin which, though recognisable as foreign, are not staples and are for the most part only disposed of at the ports and not sent into the interior,—articles which, though foreign, are not easily distinguishable from Chinese articles and yet are also not staples,—and the articles which, being of native origin and bought for foreign export, are, like the scattered imports, neither certain nor abundant in the export trade—all these articles and commodities, of little importance to foreign trade, are left where they are now: that is, they remain exposed to the uncertain incidence of local taxation, but are, on the other hand, freed from the certain incidence of import or export duty at the treaty ports.
- 5°. The local taxation of Chinese goods for Chinese domestic use and of the insignificant imports and exports referred to in the last paragraph, is not to be in any way connected with shipment or discharge at treaty ports, so that vessels which take mixed freights will neither have to deal with two sets of Custom Houses nor be subjected to any special detention.
- 6°. Where the foreigner competes with the Chinese merchant in Chinese trade on Chinese ground, he will do so on the same footing and conditions as the native; where the native competes with the foreigner in foreign trade, he will do so on the same footing and conditions as the foreigner.

- 7°. Vexatious espionage at the ports and transit troubles in the interior disappear.
- 8°. No interest is sacrificed to another: neither foreign staples to Chinese desire for revenue,—nor Chinese taxation to isolated commercial ventures,—nor the goods in which one Power is interested to those which concern some other; what is fair to each and good for all is secured and promoted.
- 9°. Foreigners will no longer be reproached for selling their names to Chinese—native hostility to foreign trade will disappear—officials will no longer be able to say that local revenue is destroyed by foreign trade—foreign trade itself will in every way be freed from burdens it has now to bear.
- 10°. Quinquennial revision will periodically effect timely changes, removing what is bad and adding what is good.

JUDICIALLY.

- 11°. With one code and one procedure for all cases in which both foreigners and native are concerned, and with concomitant arrangements adequate to the protection of person and property, complaints will be stopped and much that is now offensive will disappear.
- 12°. Room is left for growth and expansion, and for improvement of both code and procedure. Quinquennial revision provides for proper adaption to the requirements of the times.

ADMINISTRATIVELY.

- 13°. The very fact of consenting to consider the points set forth in the administrative suggestions will bring both native and foreigner into more friendly relations, and any action taken in the directions proposed will not only lessen the chances of further misunderstandings, but will set free agencies that are now under a ban and convert hostility and opposition into friendliness and coöperation.
- 14°. The steps suggested on the administrative side will do much to ensure the satisfactory working of both

judicial and commercial proposals: on the one hand there will be less likelihood of interference with commercial interests, and on the other, greater certainty of compliance with all that is required judicially.

For these and other reasons, a common trial of the first set of proposals is to be strongly recommended.

§ 47.—On the foreign side the political world may object to surrender anything already obtained from China,—the Christian public may hesitate to trust their Christian nationals in pagan China unless surrounded by the full blaze of exterritoriality—and the mercantile classes will ask what security is there that China will keep her engagements.

Here we are met by objections not without force or meaning: each one of them merits its due share of consideration. Let them be fully thought out and let allowance be made for the utmost value of all they suggest; but, that done, let what now exists and what is proposed for adoption be put side by side and judged of by the light of the following considerations:

- 1°. That the present situation is approved of by neither party—
- 2°. That mutually advantageous alterations can only be obtained by mutual concessions—
- 3°. That what is proposed is not necessarily more than a five years' experiment, subject to revision and approval, and, if needs be, to withdrawal—
- 4°. That such proposals, if presumably likely to yield results that will be so many gains, commercially, judicially and administratively, ought to be allowed a fair trial—
- 5°. That the proposals, instead of stunting, nourish growth,—instead of forcing into grooves, clear the ground for enterprise,—instead of perpetuating distinctions that alike tempt native and foreigner, class all individuals together and make interests identical and not antagonistic—
- 6°. Politically, is it not an error to keep alive the cause of administrative difficulty? Judicially, is it not a fact

that although the Court may be pagan, it will have to proceed publicly and according to new laws, while individuals concerned are so few that such special arrangements can never be the cause of national inconvenience, and does not everyday experience show that China treats the subjects of other states, not removed from Chinese jurisdiction, with extraordinary gentleness? And as for distrust of China's willingness to act up to her engagements, if good faith be not taken for granted, meaning thereby the desire and the ability to keep one's engagements, what is the use of any such thing as negotiation?

Comparing the existing and the proposed arrangements, with all these considerations before the mind, it is evident that there is much more to be said in favour of a departure from, than in favour of a confirmation of existing arrangements.

§ 48.—On the Chinese side, whatever other difficulties may crop up for those who have to take action, it is not unlikely that one difficulty in the way of the acceptance of these proposals will be the desire of critics to take and not give. When treaties were first entered into it was all giving and no getting on the part of China, and now the rebound may be felt and there may be a desire to get and not give: perhaps the advantages of what is conceded to China will be so undervalued or the advantages of what is proposed to be conceded to the foreigner will be so magnified, or the desire to give as little as possible will be to such an extent uppermost, that thereby the proposals may come to naught. To this all that one can say in advance is, that, while the order to make proposals means that it is intended to take action, critics must remember that those who would take must also be willing to give: mutual concession for mutual advantage is not only essential but fair and reasonable, and, moreover, even one's own property—if it is once pawned—can only be redeemed by a payment. Objectors should consider these things, and those who have to take action may rest assured that should the proposals be adopted, China's gain will not be less than the foreigner's.

§ 49.—As will have been seen, there are three sets of proposals, and in each set there are four alternative sets. The natural order and logical sequence would perhaps be Administrative, Judicial, Commercial, but it has been thought better to adopt the reverse

order—Commercial, Judicial, Administrative; and the object with which this has been done is that what there may be of great obstacles to the acceptance of the Judicial proposals, or of greater obstacles to the acceptance of the Administrative, should not stand in the way of a full consideration of the Commercial as preceding the Judicial, or in the way of the Judicial as preceding the Administrative. The Judicial proposals are of easier acceptance than the Administrative—the Commercial, again, are probably of easier acceptance than the Judicial. Under each of the three headings any alternative set of proposals is complete in itself and may be accepted while all the rest are rejected: or, any one of the alternative sets under one heading may be adopted and combined with any one of the alternative sets under either of the other two headings. Again, each proposal, although sufficiently detailed to be intelligible, is possibly susceptible of improvement, and would in any case necessarily require further consideration and elaboration before being made law—to say nothing of the supplementary regulations it would require to have drawn up for its proper working.

§ 50.—In conclusion the hope may be expressed that the Commercial proposals will help to place Commercial dealings on a better footing, and remove much ground for complaint,—that the Judicial proposals will introduce improvements in Judicial business, and do away with the cry that justice is withheld,—and that the Administrative suggestions, first of all assisting to secure and consolidate commercial and judicial advantages, will in the end improve the tone of general intercourse and remove the chief obstacle, political opposition, from the pathway of future relations. But it must not be supposed that these proposals will be a panacea for all ills or a philosopher's stone to turn all they touch into gold: even supposing that they are put in operation and that they induce forgetfulness of past grievances and certain anticipation of future benefits,—even then they will not make foolish officials act wisely—nor will they make underpaid officials respect regulations when gain is to be got—nor will they make turbulent people quiet—nor will they enable fortunes to be made other than in accordance with the circumstances that condition trade. If fairly acted upon, it is confidently believed that they will be followed by results more or less beneficial to both China and not-China: but time alone will show in how far and in what directions this belief is well or ill founded. If failing to effect what is looked for,—and, indeed, even if failing to be adopted,—they will, at all events, serve to introduce questions that demand settlement, and explain some of the conditions and difficulties that must be grappled with if a solution is to be arrived at. That it is

not an easy task to draw up such proposals must be apparent to any one who re-reads the conditions imposed by the Yamén's instructions as quoted in the first paragraph.

ROBERT HART,

Inspector General of Imperial Maritime Customs.

PEKING, 23rd January 1876.

布政使銜總理通商各口洋稅事務總稅務司赫德爲申覆事奉到

貴衙門光緒元年玖月初八日

劄文內開查現議整頓通商各口貨物徵抽事宜前於八月二十三日曾由本衙門與總稅務司面議辦理要領並

於本月初五日將應議節略一件面交總稅務司應再劄行總稅務司遵照前此面談及節略所開各層通盤籌畫詳細擬議總期於中國有益無損於各關卡並地方均辦得動辦得到將來不至窒碍難行最爲緊要卽於擬議後先行備具節略送呈本衙門以憑妥速核辦可也并粘連節略等因奉此竊查整頓通商各口貨物征抽事宜卽係整頓商務商務中凡有關係人產各事者卽有涉於訟件訟件中凡有宜如何辦法并章程所在則屬於

政務茲奉

飭爲擬議卽以商務訟件政務分爲三大項備具節略逐項剖晰陳之所有節略各言實於重大要件中歷久互生之怨謗先爲揭明卽從所以致怨之由設擬所以止怨之法及彼此可以互得當然之利其商務一事以現在所

行而言實分人不分事致彼此不得不設法競侵其利今所擬則分事不分人可使中外一律行之不致彼此各有不平而生嫉妒其訟件以現在所行而言亦係分人不分事并無會同之定章今所擬不第有會同章程且設擬以專條要規使中外通同一律不致各有屈抑其政務以現行者而言不第涉於偏歧且無彼此相求相應之誼以致未能允孚今所擬則以相求相應爲要使中外得其平乃孚人意是三大項所擬各節果得彼此允行則卽於地方可謂辦得動於關卡可謂辦得到可謂取益防損庶大局不無小利也除將遵擬之件謹分項詳議繕

具略節呈

鑒外合行備文申請

鈞裁可也須至申呈者

附略節貳分

光緒元年十二月二十七日

遵擬整頓通商各口貨物徵抽事宜節略之目錄

總目
引論
政務
商務
末論
訟件
共計伍拾條

引論目錄

一申論劄文要意

一所擬議之件試法有二說

一現在情勢之要條

一中外守爲之區別

一不歸管理之利弊

一所擬應如何有成效方可謂整頓

一因現行者生怨言故分商訟政三項隨有擬議

商務目錄

一洋商怨言有出於口岸有出於內地

一口岸怨言有出於進口貿易有出於出口貿易

一論進口貿易怨言

一論出口貿易怨言

一論出於內地之怨言

一華商亦有怨言

一論華商口岸之怨言

一論華商內地之怨言

一華洋各怨言係現行之章勢所必致

一中外怨言之意

一商務之第一議

一商務之第二議

一商務之第三議

一商務之第四議

一如何推極所議之原

訟件目錄

一條約內所傳涉訟事各要款分人產稅三項論之

一因人案各怨言

一 因產案各怨言

一 因稅案各怨言

一 訟事怨言出於中外科律之不同

一 訟件之第一議

一 訟件之第二議

一 訟件之第三議

一 訟件之第四議

一 訂通行之法爲訟件之要務

政務目錄

一 因何擬及政務之故

一 因政務中外各有怨言

一 論中華不欲創作新奇事

一 論中華不從外人勸諫

一 論不歸管理各條之相助處

一若刪免不歸管理各條後如何

一論不歸管理各條中外趨避之不侔

一政務之第一議

一政務之第二議

一政務之第三議

一政務之第四議

一杜政務中怨言須以章內有限制并相求相應爲要務

末論目錄

一論中外所欲者非存現章乃改新章

一論商訟政各第一議之宜行

一論外國必有評論

一論中國必有評論

一商訟政之先後次序

一論所議行否之尾言

整頓通商各口徵抽事宜遵議節略

引論

一茲值通商章程應行整頓一切之時

總理衙門於光緒元年九月初八日劄行總稅務司劄開查現議整頓通商各口貨物徵抽事宜前於八月二十三日曾由本衙門與總稅務司面議辦理要領並於本月初五日將應議節略一件面交總稅務司應再劄行總稅務司遵照前此面談及節略所開各層通盤籌畫詳細擬議總期於中國有益無損於各關卡並地方均辦得動辦得到將來不至窒礙難行最為緊要即於擬議後先行備具節略送呈本衙門以憑妥速核辦可也須至劄者

粘連節略

一現議任聽照舊抽釐而請中國允添口岸此節如議有允辦明文各國能否均無異議一並照行

一卽以洋貨而論現議入內地願正子並交則各國條約中尙有謂願作一次交納者有謂或作一次交納或於過卡隨時分數報完應納稅餉均准聽便者參差不一能否請各國願歸一律俾各海關可專一辦理卽

如他國條約中有直云別國所定章程不能限以遵守者將如之何以上兩事一有參差中國各關卡便難分別辦理

一現以釐稅之故議添設通商口岸倘一經議定添開某口則各國於釐稅不允照行於口岸則必請均沾況今日如准開此口他日各國或隨時或屆修約又請開彼口中國何以應之且從前修約時議添口岸亦係以此口換彼口如日後續議添口不已中國不但無許多可開之口岸亦並無可換之口岸也

總而言之本署本無他意既交

貴總稅務司擬議祇要所擬者於中國無害於各關卡辦得動辦得到使人人看得過去說得過去而已倘不能如此不獨無益可取且欲辦者必辦不到與其將來辦不到失信於人莫如將洋貨洋藥按條約章程辦理並於洋貨一節照從前所擬整頓卡稅保其不再抽釐之法以免紛歧縱然中國人再執子稅及船捐豆石各項受損情形來相爭論本署尚可說得過去不致無詞可措然以上各節仍以力求辦得到之理爲先卽勞

閣下逐層擬一取益防損節略細爲商議否則日日空口泛論終於正事無裨也等因奉此總稅務司伏思有約各國現有已屆修約之期者亦有

將距修約之期在即者所奉擬其中有關於各國之處則有宜通盤籌畫擬議者因之此事所有前後各辯論可以不必逐時摘論然所已經題及各節亦於此擬議之節略內統籌及之詳閱

劄文飭擬各事有三要領一須與地方情形相符一須於各關辦得到一須於各國可以應允有此三要則遵擬者之難可知示此三要則飭擬者心思之周密亦可知蓋擬一新章若與地方情形不符則立一新章程是不啻立一新難處若於各關辦不到則立一新利不啻立一新弊而致創出多少怨言若各國中有未允者則立一新章不但不能割一旦在奉行者今日以此章辦此國未允者之人明日又不以此章辦已允者之人則不啻自相矛盾必致允與未允者紛然有索賠之勢劄文雖祇有整頓徵收事宜一語然逐層擬一取益防損之節略則不得不將通商大局通盤籌畫故凡有不應行而行者致與中國商旅有損與中國關務有礙與中國政事有掣肘之處概宜屏除且凡有不應行而行者致與西國通商分內應得之事有礙亦應一體屏除不然則彼此怨言頻興無以塞口故能依照無損無礙之議而行之他事雖不知卽以此通商一事而論卽不致有害和睦在行劄者整頓通商事宜奉劄者擬議節略大抵俱不出此而起見也

一劄文內云宜力求有辦得到之理爲先因此一語不得不將今日之辦法要條說明不得不將今日彼此之怨言說明不得不將今日彼此各有欲得其益之事說明否則所遵擬各章縱使與劄文三項要領相符而在閱此新

章者究不得所由來且凡所擬之章已備有兩樣試法一擬辦時各國能否應允一開辦後左右有無掣肘情勢若舍此兩樣試法則誠如劄文內云日日空口泛論終於正事無裨也

一外國人所以來中國者爲貿易耳外國人來中國必立有條約者爲保護貿易事與人耳以今日貿易情形論洋船來往年終共計一千萬噸洋貨之入年終共計值銀至八千四百萬之數土貨之出年終共計值銀至八千一百萬之數中國稅銀年終計收至一千二百萬之數口岸洋行計共三百四十家商人等計共三千五百餘統洋商貿易事以成數算之則英商應居七成美商居一成法德與他國商則以二成計現在通商口岸開辦者已有十四口之多雖開辦以來爲日已久而至今究未能解明口岸爲何說緣未有一口指定口岸者以致口內口外宣行之事難分洋商可以按約居住各口並前往內地各處而不准在內地租房更不准在內地居住貨物入口按稅則完納進口稅出口按稅則完納出口稅惟洋貨於進口後土貨於出口前除按稅則徵稅外遍處有關卡另徵其稅洋貨入內地以及土貨出內地或逢關納稅或一次按稅則完子口稅免後來之重徵均聽商便而各關卡均云免後來之重徵一節並非永遠應免祇可從某口到某處或從某處到某口中途得免耳洋貨若不合

銷售條約內准發給存票回國而各關以發給存票一事須有定限日期至西國民人相涉案件不論人產皆歸西國之官查辦洋人控告華民華民控告洋人條約內准地方官與領事官會同辦理惟應如何會同辦理並一切審案定罪之章程至今並無定式至各國派有各國大臣駐京並派有領事官駐口惟他國優待駐京大臣各節在中國未經施行至官員管理百姓一層中國有中國之律例洋人有所訂之條約惟有時中國民希冀依照條約而受益有時洋人希冀依照中國例而受益似此則明有避重就輕之故凡此皆係今日彰著之要條而其內之尤著者則又洋人居住中國而不歸中國官管理之一條也其初議條約之時在洋人所欲得其益之件已皆預先知之始錄入約內而在中國自議有條約之後日漸一日始知我中華爲天下各國之一國始知條約內有繫於我國中之事者甚重乃思設法爲之求與我國家無害也洋人自歸自己官管理一條錄入約內此事在中國亦不必視爲希奇至於通商一切事宜中國如何目之在洋人未必皆知而知之者亦不必視爲希奇

一若問洋人在中國另外欲得何益卽通商貿易能得自由一事爲先此外所求者不第得以自由其所自由之便宜處猶須爲之力加保護至其得自由一事分言之有數端一係前往何處有益即可任其意而前往一係納稅應有公道通行定而不改之稅則一係搭客運貨來往應有最速最便之法一係凡有各處土產若遇宜有機器

而取此土產者應可任其機器而取之一係不拘人產均應按其本國章程辦理不照中國法辦之似此皆其欲得之益也洋人到中國後中國所欲之事亦惟守舊自衛而已中國向來情形本不欲輕爲變易更張若一欲創舉變動不但羣疑四起且左右亦多阻滯掣肘一有變通之勢先須求合該處人情本處地方願意聽其自然而行之國家始從所辦而不以爲諱若係外國勸爲變通在中國但得自便萬不肯如所勸而更變詳思中外其各所欲自得之情一係期於有爲進愈求進一係期於有守得安且安以外國而論既欲得中國之益又須不傷和睦之誼是必俟中國自相情願而後可以中國而論既不能廣見聞之資不但無以給外國欲得之益即在中國自己亦必不尋求其益然而祇知自守而不變通者其艱迫難行之勢日甚一日自亦漸有所覺也

一洋人追求所欲得之益處無論其爲貿易爲內地游歷之人其身則負有最彰著不歸地方官管理之條款其抵中國來者固係爲利然却以本身不受欺害爲先故當初議約時先已得此全不歸地方管理之條繼則更欲得一自由之益但此率係商人羣相爭逐之端而試問其國家應否任其如是則亦自知應有節制中國允訂其初議也雖顯有洋人歸洋官管理之明文而在中國尙不知日後如何不歸地方官管理之情勢日久此條之利弊顯露衆人漸知之洋人歸洋官管理一事在中國可省却地方多少管洋人事但如此之省事實敵不過中國體

制所收之損處今若洋人猶欲請爲推廣條約內所得之益而仍不歸地方管理似直欲於自由中無不可自由也詎識現在向中國商辦者與初立條約之時情形自異宜分別而觀之夫以外國而論既已訂有洋人歸洋官管理之明文中中國旣已按此條而行之若議出新章不爲議及保護人之身產則在外國必不從以中國而論洋人歸洋人管理無論是否公平是否便當而此條實與地方事不歸地方管無異故以國家之政制而言政制有碍以國家體制而言體制有碍如此議出之新章不爲之議及此則在中國亦必不從因之於整頓通商事宜中不得不將條約內凡關係中外身產之事一併題及

一若外國云中國與諸外國不相同中國可以應之若又云中國旣不相同則宜專設一法而行之於外國人在中國亦可應之伏思中外均以和好是期若彼此能體察情勢彼此相讓自不難由是而得一中道然欲尋覓此中道而行之此中道實不在當日所訂之條款相符卻宜於今日所見之情形相符方可謂爲中道方不致有誣以外國而論外國人不歸地方管之條其中寓有防禦之益若必盡棄其自禦之益在外國萬不肯從以中國而論外國人不歸地方管之條其中有內攻之患若不祛其患在中國亦必不願如此若議新章不但較現章須妥且須使中國知訂章內有限制須使外國知雖有限制而其分內應得之益亦已包括於其中矣

一此次擬議新章者誠以中外各有怨言耳若問外國怨言如何外國意謂外國人雖在中國有不歸地方管理之條而在本國所可爲願爲者在中國猶不准行以致前往內地不能自由不能開礦不能設火輪車不准華商用外國機器徵稅外本口復徵他稅子口稅之外內地復徵他稅外國控告案件或係民間欠債或係官員違約永遠無斷案之期倘遇欺害或受凌虐或傷斃人命非地方不爲之辦理即辦得緩即辦得輕種種各等情皆怨言所由起也細爲體察其內情形則可分以三大項言之一由於外國商旅事務中國官員不能按約爲之辦理則因商務而怨興一由於外國呈控訟件中國官員不能爲之速行信斷則因訟件而怨興一由於外國勸舉新法官員不能從而創行則因勸行政務而怨興由是思之今所奉劄諭議者即以此商務訟件政務三大項爲次第而擬議之於後

商務

一以中外交涉而言原不止商務一事惟以商情而論洋商嘗曰凡於洋商等條約應行之事中國多不肯照行又曰凡洋商貿易按條約而行之中國則每多從而阻窒每多從而掣肘竊思在彼洋商以爲凡所應得之事嘗不能如願而償在中國則曰彼洋商嘗於分所不應得之事亦有強據爲當有之事因之紛紛各起怨言也蓋洋商

有在口岸貿易者有入內地貿易者彼怨言之起或因口岸之貿易所致或因內地之貿易所致當以此兩項分論

一若問口岸情形如何洋商則有兩說一說係進口正稅外各口常有抽收他稅抽收釐金之事以致各項稅釐過重進口生理勢不能爲洋貨遂不能流通一說係在本口內若買土貨運回國如不將完過內地稅釐之憑據繳出則出口正稅外須補納子口稅以致出口生理多不易爲

一至進口生意一層近來通商各口徵收釐金等項之事固屬有之而在上海廈門福州以至近來之天津各項釐金俱較爲過重此亦衆人皆知者以中國而論條約並未立有各口地界條約內並無不得由中國在口內作某某事之條中國在內地有抽釐之權在口岸亦有此權內地商民應納之項口岸並無免此項之理以外國而論完過進口正稅後洋貨在本口不應重徵善後條約旣有經過第一子口應納子口稅之明文則第一子口爲口內口外之分界未曾過第一子口仍可謂之在口內尙不應納子口稅即尙不應納他稅貨物離出貨之地愈遠愈貴應納之稅愈多離出貨之地愈近較離出貨之地遠者所納之稅自少如此各有各說而事內則有一實在情形者卽因稅釐過重貨物因之不流通也然若有外國人曰中國如何免此重徵使洋商貨物得以暢行流通則徵收流通行貨物之稅旣多亦足以補重徵之利中國則曰現在若不徵收此項之稅釐無以爲內地之餉

項則內地一亂不但洋貨不能暢行流通且恐洋商並現在之生意亦不能作也再洋商謂釐局差役日在行內探訪信息並在行門附近查拏貨物以致洋藥生意多有不便而中國則謂洋商時有勾通走漏稅課之弊並有庇護送洋藥等貨情事若非差役在附近緝拏豈不皆爲漏網如此各有各說各有各理則以進口生意而論必須彼此互爲體量彼此互相遜讓始得一合中之道也

一至出口生意一層洋商在本口買土貨運回國若不能將完過內地稅釐之憑據繳出由中國令其補納子口稅此一節有可者亦有不可者以中國而論善後條約內傳如無內地納稅實據應由海關飭令完清內地關稅始行發單下貨出口等語條約內縱令無此明文卽飭未帶有完稅憑據之貨補交未完之稅亦實係有理之事以外國而論條約明文所指出之貨物並非本口所買之土貨却係洋商從內地按子口章運來之土貨若飭令本口所買之土貨交出內地稅據本屬不公緣以此土貨在當日係彼處一件此處一件零星陸續置買成數所經手者非一人所交易者非一日其原商是否執有內地各稅釐之據萬不能以零件而拆分其單據而在洋商於集有綱包成數出口時實係以本來完過稅釐之貨物須重複完內地稅是卽不公也如此各有各說各有各理以出口生意而論亦必須彼此體量相讓始得一合中之道也蓋子口章程旣由中國准辦外國卽不應將此章

致害他項稅課而內地貨物既到洋商之手下船出口之時中國亦不應飭令此商繳此不能繳之憑據

一若問內地情形如何洋商則有四說一係有稅單之洋貨入內地有運照之土貨出內地常有內地關卡視稅單運照不啻廢紙另行重徵不肯照免一係完清子口稅之洋貨到稅單指明處之後仍欲與未完子口稅之貨一律抽釐一係內地關卡徵收洋貨稅釐其稅釐之重若故意不使洋貨流通一係請運照運出內地土貨雖有一次納子口稅之明文而在洋商未置買此貨之先地方每先重徵其欲售之物則核計之其一次之子口稅徒有其名依然不獲實受其益洋商之怨言如此而在中國則謂中華內地擾亂日久當茲地方初復值洋貨內地往來各處關卡未能分別單照新章其有一律抽收者亦所難免又謂洋商常有以子口稅藉作內地不應作之事又謂土貨未經請有運照至洋貨到指明之處繳銷稅單與中國各項貨物無異自應由地方收其稅抽其釐緣子口章之意並非以土貨完納子稅時須將以前所完之稅釐繳還也亦并非以洋貨完納子稅後永遠不再納稅此章乃係爲運貨出入而設蓋土貨自某處至某口洋貨自某口至某處中途不重徵耳又謂各國俱有因時制宜之道中國亦然第使不背條約則所事之宜否亦惟在於我而已由此觀之中國所說不爲無理洋商所說不爲無情惟內地關卡不肯照運照稅單免重徵一節在洋商縱使怨言無誣而所指明者不過僅有數案而此

數案內大概皆因洋商以子口章藉作內地不應作之事而出或用運照送不應請運照之土貨或用運照庇送未經領有運照之土貨各等情以致各關卡應查應拏夫子口章程歷十五年之久各處所辦之件綜計之不下數萬而所指出不照單照免者止不過二十來案在洋商徇可謂守法無弊在關卡亦實非過爲苛察則此子口章程確不得謂非善法也然而彼旣謂此有作弊之事此旣謂彼有違約之情則是此章程猶有訂而未定之勢乘此勢機應於此章未治處申而明之於此章未平允處更而正之方得合中之道也

一洋商怨言如是或口岸或內地均謂其分內應得之事未得中國則謂或口岸或內地常有其分內不應作之事而作者似此等怨言若不倡說出來則此等情形必不能盡悉

一若復問口岸之情形中國則謂華商船貨進口應照本口章程輸納稅釐而洋商常有以洋商船隻裝運華商貨物者并有代華商出名包庇華商運貨以致不能按照本口章程徵收釐稅不但虧漏中國稅釐即華商循分守法不事營私者以稅釐之故其生理則遠遜於奸商包庇之生意也中國怨言如此洋商則覆云船隻所豎之旗號係何國旗號卽應按何國稅則而納稅洋船所裝者雖係華商之貨而旣係洋船卽應按照洋船而納稅洋商

又云洋船中之華商貨既已照洋船貨納過稅餉卽不應按照本口章再納稅釐如再納稅釐必致使華商不欲與洋船通同交往則洋船之生意漸無希冀而從此消疎矣彼此各說各有其理但洋商雖有章程可引而中國所云其理其說較長况條約之本意并非使洋商便於華商偷漏稅釐亦非使洋商代華商便於運貨致守分華商生意虧遜此事顯有宜於更正之處中國又謂口岸地方常有洋商代華商包庇運送洋藥以冀偷漏稅釐者等語查此事與代華商出名之事相連然猶有於犯法事較近者當洋商包庇運送時有差役查拏必致抗拒是不但於中國稅餉有虧且於該商有應議之罪中國又謂凡有內地出產擬往外國者可以請運照免納內地稅釐若非運往外國者不應請運照不應免內地稅釐雖然如此而口岸地方有洋商代華商出名請運照交華商收執以便其不往外國之土貨一體免納內地各稅釐以到口岸地方洋商竟以其名售賣於華商爲生意等語查此事雖係在口岸所作而却與內地之怨言相連接於後
有議詳

一若復問內地情形如何中國則謂有洋商代華商運土貨出內地因其非往外國之土貨本應逢關納稅過卡抽釐而洋商惟憑運照運送貨物不但內地關卡有虧稅釐卽彼無運照運土貨之華商較華商買名包運之生意難作矣等語查此事聞常有之若實有此事則洋商作此與作弊無異是必須將子口稅章程本意申明方可議

一妥當章程中國又謂洋商但憑運照逢關遇卡免納稅釐其尙未到子口之先已將土貨銷售是不但內地少收稅釐卽洋商如此貿易與華商生理大有參差以致華商生理多遜於洋商等語查此大約不常有之事但雖非常有既係在容或亦有之列則欲擬議妥章此事自亦須預爲慮及中國又謂洋商置土貨若實係運往外國者請領運照固洋商分內之事惟其或從中代華商攜帶一二貨物或代華商銷售一二貨物亦有之等語查此事與以上事所差無幾但擬議妥章亦須慮及中國又謂洋商入內地皆有隨身單照原以備內地查核乃往往逢內地關卡俱不肯將單照直行交出遼查等語查洋商若有此等不遼查之人過關過卡而去雖曰恐多事受累而細按之此咎究在關卡管員此等事在內地未靖之時曾有之近來却亦未見但擬有妥章亦須議及

一中外兩面各執一詞各執一說之故確非無因而起詳爲思之蓋皆昔時始訂之章所遺之枝節也夫通商云者以彼所贏易此所絀是中外通商卽中外互相以彼所贏易彼所絀也惟中外所訂之條約不但有中外互換出產事在內亦有准彼國商人作此國生意之事在內不但准彼國商人作此國生意且有准彼國商人貿易於此國不照此國民人所遵守之章程貿易而准照新式章程另式稅則貿易之意在內若僅以中外互換出產事而論固可謂章程妥善然以彼國在此國貿易言之旣准彼國商照新式章在此國作此國生意卽有彼此之商同

時按照新舊兩樣章程作一處生意待有避重就輕之弊出則凡所謂兩地商人彼此互相嫉妒關卡與商旅之互相有隙兩國之司事者互相責備各事因之不一而起也然其損處雖至此而猶未已也仍有謂者曰此等情事皆由於通商所致如此言之致於通商交易之正事大有妨礙在言此者應知此等損處雖係隨通商而來並非因通商而出蓋彼此通商合言之不過一事而彼處人在此處作生理則係一事中之又有一事也若章程不爲之分別而妄議之則以上各情弊自不能免既其中有若是之分別使於章程內剖析議之自不致有若許之情事

一劄文飭擬議取益防損之章程要關上辦得到要於地方辦得動要外國可以允行已於前所引論中云及有備試之兩法一曰外國無不可允行於先再曰左右無所掣肘於後觀此中外兩面之怨言總而言之在外國則以中國爲不施行此條約章程在中國則以外國爲誤行此條約章程現在旣欲妄議章程當思爲有用之實濟故所擬議者必思使中國不致因取益防損不施行其章程必思使外國不致因貪得其益而誤行其章程則所擬議之法方可謂之有裨於實濟故後所議之章程彼此宜先有一番代爲設想代爲體諒之情而後觀之可也

一通商口岸貨物不止數百類之多其中不過八九樣與通商貿易有關係其餘數百樣或爲中國出產或爲外國

出產在中國流通與外國貿易皆無甚關係通商貿易者若能將此數樣有關於外國貿易者之貨色按照外國意於關稅外不復徵其內地稅釐并其他之數百樣貨色按照中國意辦理不致免納內地稅釐則兩面各得所欲得之事如此擬議其章乃覺平允易訂而章程亦易行矣此則第一議之章程立意期行者茲將此第一節章程開列於後

一進口貨色與外國貿易關係者則布疋絲絨銅鐵糖各項現擬由外國允於此等貨色進口時赴關將進口正稅入內地子口稅一併完清由中國允於此等貨色完清正稅子稅後永遠免行重徵

一洋藥一項現擬由外國允於進口時赴關按每百觔納稅壹百貳拾兩一出口岸定界仍須完納各處稅釐由中國允洋藥於完清壹百貳拾兩稅後在口岸定界內不復重徵

一除此布疋絲絨銅鐵糖洋藥五項外其餘各項進口貨物現擬由中國允於進口時均免赴關納稅由外國允於進口後無論係華商洋商均應按照各處地方章程完納各處之稅釐

一出口貨色與外國貿易有關係者則茶葉絲綢棉花糖各項現擬由外國允於出口時將出口正稅并內地子稅一併完清由中國允若非通商口岸地方出口時其餘無論何地何時均免收其各項稅釐

一除此茶葉絲綢棉花糖四項外其餘各項出口貨物現擬由中國允於中國之口岸在出口時均免赴關納稅由外國允非通商口岸非出口時無論何項商人之貨物在於何地何時均須完納各處稅釐不准請免一通商口岸中有由外洋直抵之口岸現擬由中國允於洋商貨物船隻抵此等口岸時准其赴關先行報明該貨物係運往通商別口銷售者則取具定限保結暫時可免徵其進口之稅俟其到第二口岸再行完納或限滿時則在本口完納均可由外國允凡有不合銷售之貨若非於三年限內運往回國則不准討還存票

一凡有布疋絲絨銅鐵糖四項貨色入內地者現擬由中國允無論何項商人運銷均免逢關納稅過卡抽釐其餘各項進口貨物現擬由外國允於入內地時無論何項商人運入均須逢關納稅過卡抽釐不准請免一凡有茶葉絲綢棉花糖四項貨色現擬由中國允無論何項商人運入內地均准免納關卡之稅釐由外國允其餘各土貨無論係何項商人運往均須逢關納稅過卡抽釐不准請免

一如此辦理凡有關係外國貿易之土洋各貨出入內地逢關過卡則均無徵稅抽釐事例矣而所有其餘各貨物逢關過卡則均無不納稅輸釐事例矣所有出入內地土洋貨物稅單運照等件均可停止不發惟外

國人之入內地者仍應領有入內地通商遊歷之護照

一現於整頓各口通商抽收稅釐事宜各章外國若旣允行則中國即可允添開通商口岸卽如重慶宜昌安慶蕪湖溫州等處

一現於整頓各口通商抽收稅釐事宜各章中國若旣允行則外國即可允照辦五年爲期至第五年時作爲修訂之定限每屆其限將所有歷辦各事有宜刪除者宜增入者一齊重爲修訂一次以期妥協

一所擬第一議之辦法已列於前矣若彼此猶不允行則更有第二議在查前所云之彼此各有怨言者大抵由於兩大宗事一由於條約未能分晰言明之故一由於中外有兩歧辦法之故其條約未能言明之事最大者莫過於完正稅之後當如何辦完子稅之後當如何辦均未詳揭明言其中外兩歧之事最著者莫過於不能合而爲一若於所擬之第一議不克允行則所籌畫之第二議卽應依此而議之特將第二議詳開於後

一凡有洋貨進口完過進口稅後均應在本口定界內交易流通不復重徵俟出界外應完子口稅後再准徵收他項稅釐其各口岸如尙未訂有口界應由中外會同就近勘定口界

一凡有華洋各商將洋貨運入內地或請稅單或不請稅單均可若未請稅單則勿論華商洋商均應一體逢關納稅過卡抽釐若已領有稅單則勿論華商洋商逢關過卡均應一體免納稅釐俟到稅單內所指明之

處所後或在該處將貨售與他人或將貨由該處運往他處則應由運貨之商即將稅單繳銷後其貨於各項未完過子口稅之貨物無異逢關過卡仍應一體完納稅釐惟不得由後過之關卡責令該貨補納中途所免之稅釐

一凡有運土產貨物自內地到口岸者或領運照或不領運照均可若未領有運照無論華洋商人逢關過卡均應一體完納稅釐若領有運照則無論華洋商人逢關過卡均應一體免徵稅釐俟到口岸即應赴關報明係請領運照往外國之土貨待日後下船往外國即應一併完納正子兩稅若下船出口往通商他口不前往外國者於下船出口時除完清出口正稅外另應補納兩次內地稅餉若逾定限猶未下船出口即應由赴關報明之原商人完納四次內地子口稅餉

一領有稅單之洋貨係已完過子稅之貨若未經到單內指明之處所中途欲行銷售亦可惟請有運照之土貨係未經完過子稅之貨中途不准銷售倘經查出有中途銷售之事該關應罰該商若干銀兩倘有完過子口稅與未完子口稅之貨物齊行運往途遇關卡即應由該商隔別詳為報明遵查照納稅釐如經關卡查出所運之貨內有未經報明之貨即應由該關卡查明將同運之各項貨物罰辦入官充公

一不合銷售之洋貨請存票回國自進口之日起算起若已逾三年之限者概不准發還存票

一歷辦至第五年應以第五年作為修章之定期將一切章程增刪以期妥協

一所擬第二議辦法已列於前矣若第一第二兩所議者猶不克允行則更有第三議在查有人謂洋貨或在口岸
界內或在內地與中國各項貨物無異若未請有稅單口岸與內地均無免納稅釐之例倘如此確係條約內之意即應將此意申明則所籌畫之第三議即應依此而議之特將第三議詳開於後

一凡有洋貨若無稅單隨帶即無論在口岸在內地均應完納各項稅釐至請稅單一事無論華洋商人均准
一體請領俟到單內指明處所須將稅單繳銷日後該貨與中國各項貨物無異均應一體完納各關卡之

稅釐

一凡有土貨領有運照從內地到口岸時須由該商赴關按照貨物之值價若干存一銀票若限內
將該貨運往外國該關將此票發還若限內不往外國由該關憑此銀票取銀兩入官充公

一領有稅單之洋貨係已完過子稅之貨未經到單內指明之處所中途欲行銷售亦可惟請有運照之土貨
係未經完過子稅之貨中途不准銷售倘經查出有中途銷售之事該關應罰該商若干銀兩倘有完過子

稅與未完子稅之貨物齊行運往途遇關卡即應由該商將同行之貨隔別分清詳為報明邊查照納釐稅
如經關卡查出所運之貨內有未經報明之貨即由該關卡查明將同往各項貨物罰辦入官充公

一不合銷售之洋貨請存票回國自進口之日計算起若已逾三年之限者概不准發還存票

一所議者如歷辦至第五年則應以第五年為修章之期將一切章程增刪以期妥協

一所擬第三議辦法已列於前矣若第一二三議猶不克允行則更有第四議在查第一議係違議者於彼此如何
獲益處而設想者其第二議係寬解條約意而設想者第三議係泥定條約意而設想者若此三議俱莫可行亦
祇得向他處尋究其根本而設想之復將第四議詳開於後

一現已立有條約而此次復議章程之故出於商人之怨言所致現由官場設議立章若勢有不行却不如令
該衆商等抒其所自願之端呈明而官為裁訂之亦妙但商人所自議之端却不得有越條約外者之事

一凡以上所擬之四議若詳閱以前所引論各言便知遵議各章之立意所在若更欲知所擬各章之益何在請詳
閱末尾總論一段便得壹是

訟件

一洋商來中國或因人產交易事件有不能不待聽斷者或中外交涉事件有不能不待呈訴者則有訟件也若問訟件如何辦則各國條約內云洋民相涉案件歸洋官查辦又洋民犯事者由洋官懲辦華民犯事者由華官懲辦兩國交涉事件會同審斷又洋民控告華民應先赴領事官投稟華民控告洋民亦可赴領事官投稟有不能勸息者卽由中國地方官與領事官會同審辦又洋民被欺被焚被搶擗者地方官卽設法嚴追查辦又洋船被盜搶劫地方官設法查追拏辦又華民犯法逃在外國華官照會洋官訪查查明實係罪犯交出各口岸華犯逃匿洋船洋屋華官照會由領事官卽行交出又華民欠洋人債華官嚴拏追繳洋人欠華人債洋官一體辦理又華民在外國欠洋人債由洋官辦理其逃回中國者由領事官通知地方官設法查拏追繳秉公辦理各等條款辦法如是細思各條款凡中外相涉之各項訟件大抵均已包含在內矣但條款已議訂於先其事照辦之於後已有許多怨言叢生也再爲之細思生怨之故知並非生於彼此之不欲公平所致乃係因律例之不同審法之不同罪名之不同現欲議擬妥章竊謂有三大宗事宜分其目而議之一曰人一曰產一曰稅

一兩國相涉訟件如人案者若問洋人中國官如何辦理洋人則謂中國官或不爲之追拏究問或拏問不爲之辦

理或宜從重辦而從輕辦或應亟拏者而故縱之使逸或應拏之犯罪人延擋久而反以無辜無照拂之人替代充數或此案人應全數懲辦者祇拏辦一二人以了案各等怨言若問華人洋官如何辦理華人則謂遇有洋人欺侮華人洋官多係置之不爲之理倘遇有命案洋官則代洋犯或爲之庇宥或訂以誤殺若係照中國律應訂以抵償之罪者而洋官不過監押多日而釋之若遇有洋人被害斃命者則洋官必立急赴期索華犯而抵命若遇有華人被洋人害命者則洋官每欲出以銀兩爲贍其身家之費則洋犯即可不抵其命各等怨言且在洋人每謂中國官與訟件多私受賄賂並於審辦案件無論其人被誣是否有無其事在未審出時即以百般刑法苛求在中國人則謂洋官與訟件非必全無賄賂之事並按照外國審辦於案內情節亦未必俱能究出待定案時亦非必件件全屬公平之判斷再洋官審辦案件凡有被告者洋官概不准其先訴一辭但於原告立有確鑿證據即可斷結其案中國官則於被告未經供認其罪時即不能訂罪定案以此觀之是中外興訟事非無律例非無罪名實遇中外涉訟事無一通同審辦之法耳

一兩國相涉訟件如因產涉訟者彼此猶有怨言洋人則謂中國官員故延時日庇護華人不肯秉公辦理中國人則謂洋官或不敢得罪其本國之人或信其本國人之言而不信中國人之質證或不按情節定案且遇華人欠

洋人債之案洋人則控告不休時爲呈催若必使欠債之華人家產已盡中保代還罄其資而後已至洋人欠華人債之案華人則一經控告領事必曰欠主已無銀錢可還即無法追索華人則以此爲尤不公平者再財產等事每有華人自相爭產原不涉於外國事者乃有原告從中稍費些許資財故爲之牽連外國訟務以冀領事官代爲追辦不但原告不出其名即藉此致使無辜之人併受其害中國人以此更爲不服是訟事之產案與人案無殊中外非無律例非無罪名而所欠者亦祇一通同審辦之法耳

一若問涉於稅務之訟案如何則條約內云限內船主未經報明領事官每日罰銀伍拾兩又船口單漏報捏報者船主罰銀伍百兩又未領開艙單擅行下貨者罰銀伍百兩並將貨物入官又未領准單上貨下貨即將貨物入官又私行撥貨將全貨入官又改運別口請免稅單存票等件如查有影射夾帶貨罰入官又沿海地方私作買賣者即將船貨一併入官又船隻查有涉走私該貨全數入官外俟船帳目清後即驅除不准在口貿易又約內所指罰款及船貨入官皆歸中國收辦各等款是除訟件內之人案產案外亦已有犯通商各章應罰之案在內但雖有各違章之辦法而究無審問之法所以前者中外商議訂有會訊章程至條約內有罰銀之章有罰貨入官之章猶有洋人歸洋官懲辦之條惟罰銀之案即有繫乎人案之勢所以遇此案件會訊章

內訂歸領事官審辦因係有涉於稅務是以監督在座其船貨入官之案明係犯章者其貨物已被拏獲矣但條約內將貨入官字樣雖係歸於中國辦理而此等貨物在洋商亦有繁乎產案之勢所以遇此案件會訊章內亦准領事官在座蓋罰銀之案因其被罰之事不能不執有因何應罰之實據給領事官看此事所以歸領事官辦理有由也其罰貨物入官之案因其犯章而被拏若當結放之時不能不將其准應結放之緣因證據給稅關上看此事又所以歸關上辦有由也罰銀之案歸領事辦海關官員在座海關關員不以領事所斷爲然准彼此互詳京憲核辦罰貨入官之案歸海關辦領事在座領事不以海關爲然准彼此互詳京憲核辦如此分別辦理實屬公平允當衆審問一切情形均可立案請京中大憲復爲酌訂則不致有不公允之處按會訊章歷辦以來可稱公允之法且其章已足補條約內未備尙缺之條雖如此而中外猶不能無怨言也卽以罰貨入官一事而論在洋人則謂此事旣係中國得其罰項中國辦之易涉偏私辦此等案卽不應中國偏主其事而中國又云凡遇洋商犯章違約其事已顯露於外其證質已俱有可憑其在條約內雖有應如何作罰如何訂辦之章而在外國官每謂法雖如此情有可原云云以此觀之會訊之章程雖可稱爲妥協然以彼此怨言而論猶不足爲通同審判周密無憾之善法也

一凡係相涉之訟件無論爲人爲產爲稅莫不均有怨言其怨言者何總言之卽少一通同審判周密無憾之善法耳中外並非無辦法惟以訟事論之中與外理有不同律有不同罪名有不同旣有此不同之情復少一周密無憾同審判之善法則怨言所致自無足怪矣旣彼此未存有不肯從公允辦之意卽不難覓有悉得其平之善法茲擬有四議詳開於後

一查未換條約之先彼此各有其律例彼此各有其辦法當旣換條約之時其於訟件如何辦法自係出於公允自係無不彼此各盡應辦之處嗣經歷辦多年而彼此怨言所由興一爲思之可知其故在無通行之章程耳若能得有通行之章程不但與條約本意無不相符卽從此可免卻彼此多少不明不服之情事此第一議則以通行章程爲要務也因將所擬詳開於後

一擬外國屬民於相涉案件若與華人無涉仍歸外國官員查辦

一擬凡遇案件係華洋相涉者應另立一詳細規條爲通行之章

一擬於通商口岸另設一理案衙署凡有中外相涉訟件照新立規條通行之章辦理此衙署內應有堂官二員其二員一係由本省督撫揀委之候補道員一係由總理衙門延聘之外國素諳律條之律師充之倘遇有重要案件應准案內之原告被告各指請局外一人在座以爲旁觀公論之準至備質之人無論中外經此衙署內票傳卽應赴案備質

一除人案產案外其有犯違江海各關章程或應罰銀兩或應罰貨入官者亦歸此衙署訊辦

一凡遇案件所關係者祇不過銀兩若干應訂罪名者祇不過坐監數月等案一經此衙署訊明定案卽不得有抗斷情事

一凡遇案件所關係者在銀兩若干數之外應訂罪名較坐監數月爲重者倘經訊明判斷不服者准於定限內前赴通商大臣處上控

一倘有命案若此衙內判定應屬抵償者其有關人命出入須俟詳准總理衙門並其國之駐京大臣同行批准後方准照所擬訂辦理

一凡遇案內見證並原被告等人有輕漫所訊並謊言指誓等情准此衙署或暫押其人或罰辦其人惟於訊案時無論何等案件概不准以刑拷訊再於定案時毋庸待犯罪人自行認罪祇由確鑿憑據亦可照辦
一凡有赴此衙署內控告並被告人等均准其律師代備訴詞並准其律師當場代問一切

一此衙署內凡有訂斷各案應立案另行錄清照報總理衙門由總理衙門照會錄送其國駐京大臣查照一所延聘素諳外國律條之律師應有五員一員駐天津輪辦天津牛莊煙台北三口訟事一駐漢口輪辦漢口九江鎮江三江關口訟件一駐上海輪辦上海甯波兩海口訟事一駐福州輪辦福州廈門臺灣淡水四

海口訟事一駐廣州輪辦廣州汕頭琼州三海口訟事

一擬此事每屆五年修整一次以期周妥

一訟件之第一議已詳於前矣如不能照辦則擬有第二議在查凡有關係中外之案件若不會同訊斷則彼此一定不服此第二議則以會同一事爲要務也因將所擬詳開於後

一擬凡有關係中外之案件應由中外官員會同訊辦若被告者係中國人則應在中國衙門訊斷准領事官在座若被告者係外國人則應在領事官衙門訊斷准中國官在座

一擬倘遇案件有關於銀兩若干數以上者或關係命案重大者其在座者若有以訊斷之官爲不然處准將原案情節錄詳在京上憲核辦

一每屆五年卽應將此五年中所辦之案按類錄出以便日後存有各案應辦之章程存有各案定斷之比例以次遞辦每歷五年卽復多資一切辦法

一此訟件之第二議已詳於前矣如猶未克照辦則擬有第三議在查歷來訟件中所最不易信服於人者是人命重案此第三議則以人命重案取服於人爲要務也因將所擬詳開於後

一擬凡有命案出應由該處地方官將案情詳細錄清轉呈京憲核斷
 一凡此等上詳京憲人命重案京憲核斷應如何辦法卽秉公如何辦之不得彼此授受銀兩卽贖收其應償
 之罪

一擬每屆五年將此五年中辦過之案備行謄錄以爲遞辦之成案皆可尋緒就閱足資後來立法之有本也
 一此訟件之第三議已詳陳於前矣如猶未克照辦則擬有第四議在查中外案件多不能設有通同可行之辦法
 則最要者卽彼此要明白彼此之辦法也此第四議則在彼此要明白彼此之辦法爲要務因將所擬詳開於後
 一擬將相涉之人案產案彼此有彼此之辦法互相通知

一所擬之中外相涉訟件第一要緊卽以前所開之要有通行詳細規條要有一通行之訊法要有一通行之罪
 名要有一通行之衙門斯爲最有益於相涉訟件者至其益之所在併閱後段可也

政務

一引論內已將彼此之怨言分爲三項一因商務而怨興一因訟件而怨興一因政務而怨興並云若議新章不但
 較現章程妥且須使中國知訂章內有限制使外國知雖有限制而其分內應得之益亦已包括於其中以前所

論之商務訟件已將商務之彼此怨言訟件之彼此怨言說出並將商務擬辦之法訟件擬辦之法議出說明是商務訟件兩項所議之章不過視舊章較爲妥協至政務一項亦宜將彼此怨言先爲說出亦宜擬有辦法能使外國知應有限制使中國知應有分內應得之益包括其內則政務之所擬議者方不爲空言無裨也

一政務怨言亦有彼此之說若問怨言如何外國則謂中國不准洋人在內地隨意來往又不准洋人住在內地又不准洋人開礦設火輪車又不准在內地設用各項有益處之機器各等語此等怨言推而極之即是不准洋人自由之意即是不受洋人勸之意不准自由與不受人勸在洋人卽以爲與忌怒洋人無異若問中國怨言如何中國則謂中國因有外國通商事務不但有碍於中國之商旅有亂於中國之國計且因中外政務章程致使各地紳民不服致使中國官員爲難國家辦理一切諸形掣肘在各省士民咸謂官員所允行者已傷國體而在秉政者莫不以爲有虧於士民凡百姓之已失者既不能爲之恢復卽百姓之應得者亦不能爲之收守而在國家則以爲將便宜多讓之於人於自己致多虧損而少益此等怨言在中國視之無非洋人不歸中國管理各條所致耳因是之故而欲擬議之從未見立有妥善之章竊維彼此之怨言所致由於彼此心之不甘彼此心之不

甘無非爲彼未得其益此多受其損耳彼此若以是盡歸咎於條約之未善則鄙意固有不敢請者也然條約中既有是怨言之病根隱寓於內則彼此卽宜於此病根之緣由剖析詳察求祛其病原所在方能得其切要以期立妥善之章

一若問中國不受洋人勸之故何在第一是中國自矜自是以爲勵精圖治已臻隆備蔑以加矣第二中國創業垂統秉承上代成憲治法率由舊章不肯輕事更張第三中國不知中國以外國度情形一經聞所未聞之言卽多生疑竇而不信第四中國一聞外國勸諫卽以爲另存他意疑而不肯聽從自通商以來四方左右各處勸之所以不行者皆因是之故若問其故何在總言之卽由於不知耳若待已知自己之短他人之長之時其時凡有從前因不知而不受勸之事故卻已漸至杳然矣此等事並非外人所能勒令勉強而行者必須待自明自悟之後確知所勸之益實匪虛僞出於本心可行則受其勸者始不吝於行也惟此外猶有不受勸之故是自己愈能明自己愈能悟其故愈大此其故不在中國能去之而在外國能去之

一若問中國不准洋人自由之故何在當初議條約時中國旣不知與外國來往之事如何來往章程如何亦並不
知他國與他國來往之事如何而外國人當時已知中國之辦理人產交訟事件與外國辦法不同已經不願受
中國之制治故於議約時將洋人歸洋官管理一條特俾明其內是外國人預知其情形而有此因地制宜之道

而在中國當時允准其洋人不歸地方官管理者是中國人於未事之先未曾辦過此等事件不知其中情事不能慮及後來事端此亦無足異者惟現計歷辦約三十年之久矣中國識見日廣已知外國與外國交涉並無外國人不歸地方官管理之條且亦知一經訂有此條每遇交訟事件經外國官判斷本地人稍負即必不服並亦知外國人不歸地方官管理之條現所允行者不過在十餘處口岸之地業經於國體有碍業經於地方掣肘矣若欲行之於通國各省各處中國不從外國猶復能有異詞耶此所以有外國勸為辦新奇事件者中國因事出新奇是以憾之因所勸辦者出於外國人是以疑之中國人且謂若所勸辦者非不善但本國歷久無此等事即不有此勸辦等事猶可照常處之且所勸辦者雖善然必有一不歸地方管理之條隨行其間實有不堪自計之處於十餘處口岸已允洋人不歸地方官管理若再使不歸地方官管理之洋人入內地而得自由更為未便允行之事也

一外國人謂中國不肯受其勸中國人卽覆以勸辦之件必有一不歸地方官管理之條隨行其間是以不克允行竊維不歸地方官管理之說此句不過一總括之語耳凡總括之語必多渾含一切在內必於此渾含語內將所關係至切者提出而剖論之始得詳明此語所關係者何在卽係外國所應得之益處中國必宜給之中國所恐

而不欲給者外國亦可不要洋人歸洋官管理在外國人歷辦已久若猝令其洋人徑行歸地方官管理毫無限制此固萬不克允行者但使不歸地方官管理之說可去而其中於彼有益於此無損之件可存焉試問外國之所要者果在洋人不歸地方官管理之一語耶如祇爲此語亦無不可但凡外國人所欲中國行各項未行之事得中國未准之益一爲勸行中國必忌之必疑之皆以洋人不歸地方官之說而戒止矣如外國人非爲祇要留此一語乃係爲中國行各項新事與中國各項交往有益之事亦無不可惟既欲允行各項事則歸洋人管理一語必須刪之試問中國之所要者果在與不歸地方管之條相同者均不允准耶如祇爲此亦無不可但外國所勸辦各項有益中國事件中國藉可自富自強之益亦由此阻止而不克見矣如中國人亦欲得外國各項有益中國事件漸漸增行於中國藉資日進於富強亦無不可惟既欲如此而凡與不歸地方管之條相同者若均不允准則所益亦無由得之由是而思則如此辦之可日見其益如彼辦之可日增其損於以知何所從而爲善何所從而非善不難分言之也日見其益者並無不歸管理之條隨之日增其損者反有不歸管理之條隨之試問見益而不隨之條增損而隨之條究竟何足重輕歟可見此條係阻行之條因欲全存此條致外國不能得外國之所欲得因欲全去此條致中國不能得中國之所有之益以此不歸管理之條而論彼此均有可相讓之地步

以存來往之益惟以相讓而論必有一互明之意在先若欲有一互明之意必須將彼此心內之言說出爲要如中國謂外國曰此條奚必視之太重何不可將條內渾含處稍爲允讓外國卽曰若外國一爲允讓將何所憑而保護自己如外國向中國曰其於不歸地方管理之條未免過於畏疑在此條之所施爲並不致有可畏可疑之處中國卽云如允之則又何所憑而知有限制之說

一迭次經中國大憲詢曰若外國人肯將洋人不歸地方管理一條免去是洋人思往何處即可往何處且終詢及曰不將不歸地方管理一條免去則華人之在外國者可否亦不歸外國官管理耶伏思若使外國人所欲自由者僅在來往而已則亦即可允行免去此條緣外國人在中國來往而不爲中國人所不爲之事則地方官亦必格外留心不爲之阻難卽或有所因而阻止亦必留心不至格外刁難苛待且在外國將此條免去卽遇有外國人在華被虐受害外國亦能按萬國公法爲之伸冤是以云外國人果係所欲在來往得自由一事將此條免去無傷也且免去此條不第無所傷并卽從此阻止外國人來往者可少留難外國人來往者可少惟將此等言質之外國外國則曰外國并非欲來往得自由而已實欲居住於中華於中華地方立生意行外國新法凡在本國所爲之事亦欲在中華試爲之若將此條免去是外國人祇不過得來往自由之便而其餘各事無論何處仍屬不能得其利不若不將此條免去則於通商口岸猶可得自由之便并可領護照入内地且在通商口岸猶可將

外國各項事勸懲而行之若不行猶可肆其訕謗是留此條入內地固不能得自由如不留此條恐并通商口岸俱不能駐留矣若不留此條卽令通商口岸得駐留得入內地恐中國更欲使與華人同守中國之法致華人較現在更少學外國多少新式外國人所言如此亦非無因惟思中國之所不欲者是行各新法耶抑不歸地方管理之條耶伏思中國不欲行新法是出於不知若見多而識廣自必以新法爲可行而願行之但識見日開日廣愈知此不歸地方管理之條爲必宜免去之事因是知中國不願外國來往內地自由并非出於不欲行新法實出於不歸地方管理之條若將此條免去不徒內地可以得入自由卽其他各項新法事與中國有益而無損自亦漸漸可陸續興行之也緣前於引論中已云祇知自守而不變通者其難迫難行之勢日甚一日自亦漸有所覺也况天下當羣然發奮爭先之日而欲孤立於中途屹然不倚其勢果足恃耶

一若問中國何不肯與外國人多相交往并於通商事不肯推廣行之之故則可知其故大半在條約內所訂之不歸地方管理各條所致也若問外國各項新式事件華民不能得受其利者何故則大半亦係由於不歸地方管理之辦法所致是一不歸地方管理之條有若此多方之窒礙難行處隨之是不將此條整頓其下流安得而清順耶是在外國所欲有此條者其所冀者何在其所需者何在其欲如此辦者期至何時卽中國之允此條者何

在其不欲允行者何在其不欲允行而因何不欲允者何在若將彼此意之所在倡明說出和而商酌則彼此即不難訂一互相應允之辦法在外國可令中國知之凡通商內中國所恐疑之事可以無所恐疑在中國可令外國知之凡外國所分內應得之益可以得之若依此兩無猜疑設法第一要緊者即係將不歸地方管理各條改正而整理之夫各條約內原無不歸地方管理之字樣然條約內洋人歸洋官辦理各條彙集而觀之實即成一洋人不歸地方官管理之事現所擬議之政務一項並非以不干於己事者而擬之實一面為中國解釋中國恐疑之心一面為外國開一行新法事件之路故不可謂訟政兩項之議無涉於商務而擬之也此政務所擬者亦有四議在詳列於後

一凡有兩國來往必須明有訂章所訂之章必須易於明白所以使外來之人知在此俱有所限制亦以使本地人知外人有所宜得之事而後彼此得以互相儘讓不致別生事端此第一議即以是為重者也詳列所擬於後

一查各國之條約內字樣各有不同於原意之所在論辨致多饒舌不免有窒碍不便之處且查各國條約內

皆有一體均需之語雖字樣不同考原意之所在實又屬通同一律之說如此參差可否為之另訂一漢文條約底式隨後再添各國各洋文語言字樣則各條約統歸一律矣

一各國條約訂後而其內並無彼此互相允准之字樣又查凡兩國所訂之條約如有彼此互相允准字意不但其間顯有公允之情勢且互允所行亦覺所訂者亦易施爲可否於凡有此國人往彼國者彼國來此國者先須赴其國之領事官處報到其本人若欲作爲原來本國之人則另應留名於領事官處其本人若欲作爲所到之國之人則另應於所到之國地方官處挂号如此分別辦之倘無其本國領事官在彼自應暫時作爲此國之人

一查在領事官留名而不作爲此國之人者倘遇有爭訟等事與此國人無涉者經領事官如何訊辦自與此國人無干至其有涉於此國人之案件者則本應由地方官料理蓋此國既允他國人來我國即應不使此國人受害旣允他國人來我國亦應保護他國人不致受害也因是之故可否凡遇有案件涉於兩國人交訟者應由該國地方官按照中國辦中外交訟案件新議訂之條例辦理以歸畫一其他無涉於此國人之案者仍應由該國領事官自行辦理

一查條約內云洋人歸洋官按其本國律例辦理又云有涉於中外之案件應由領事官會同地方官秉公辦理條約如此訂規而並不云外國人可以不遵中國各章程又查外國人在中國常聞有不遵中國章程之

事致地方紳民受累不悅等情如此可否於外國人在中國中國人在外國者各須遵守其所到之國之章程凡所到之國其國之人所不應爲者亦不准外來人爲之凡所到之國其國人所可爲者亦准外來人爲之倘違此章應由管理中外交涉訟件之衙門查辦

一查各國辦理田地房屋行棧買賣等事均係按本國律例辦理倘外國人買得田地房屋或於各項生意分股若遇有計較爭競涉訟者則不便照他國辦法行之又查有此事而不將如何辦理之處說明則於此國人在彼國交易等事有碍可否于凡有外國人買得田地房屋或有分股生意等事必須外國人同本地人一體遵守此地辦理此等事之章程倘遇涉訟應由辦理中外交涉訟件衙門按照本地章程訂斷

一查凡官員於其分內應辦之事因有外人在其中而不得辦其分所應辦之事致於其體制有碍又查凡有此官應代外人辦理之他件雖係代外人應辦之件但前爲是而不得辦其分所應辦之件以致此時有不願代理其事之心則於外人之事又有妨礙矣所以凡遇此等事勿論大小似應一律辦理不宜稍存歧視卽如關務亦然可否凡有外國船到中國中國船到外國均應由船主自行赴關報明一切無庸由領事官代報凡有該船挂號立案用辭水手等事由該關理船廳管理至該船並該船之水手與本地民人無涉之他事仍應由該國領事官管理

一查官與民能面相問答於官有益於民之事亦有益又查凡事若必多經一官則事已過半予奪已有不易之勢可否准他國人遇有事件徑行自投該地方官面訴勿庸由領事官轉達

一查各國各處所徵稅釐皆係奉其國家特行之事自有稅冊可憑各外國既有稅冊刊發中國亦有洋商稅冊刊發通行惟中國各省時有新訂徵收稅釐之章可否由總理衙門隨時咨照各國駐京大臣以便轉飭各商一體遵照

一查年復一年日增月盛新出之事各有不同可否每屆五年將此政務亦爲之修理整頓一次以期因時制宜歸於妥協

一查第一議所擬可否已備詳於前矣如有不克允行之處則猶有第二議在現欲整頓政務者誠以政務有未妥善之故耳旣有未能盡期妥善之處若能添一互相換允章程則於未能妥善者似可不致有礙和睦大局此第二議卽以互相換允爲重也因將所擬詳後

一凡有外國訂換條約可否卽按照統通一律之底稿爲各約大略成式

一凡有中國大臣及中國領事官所駐紮之國如遇中國人案件與此國人無涉者可否歸中國官辦理如遇有中國人案件與此國人有涉者可否卽按照在中國辦理中外交涉訟件之章程辦理

一凡有中外船隻來往可否准由該船主赴關報明一切勿庸由領事官經理

一凡情形各年不同可否每屆五年由各國一齊修理一次以期妥善而歸畫一

一查第一議第二議俱已備詳於前矣如猶有不克允行之處則又有第三議在若不能將未能盡妥盡善者改正若不能添一互相換允之辦法則所重者所有之章程宜期於易明也而各國有一體均霑之語似乎不難允行此層所擬開列於後

一可否按照統同一律之底稿爲各約大略成式

一可否每屆五年由各國將所有政務一齊修理一次

一查第一二三議已備於前矣如猶不克允行則又有第四議在開列於後

一可否每屆五年由各國將所有政務一齊修理一次

一合觀以上所議各節即可知其政務中之大要有四一在因時制宜此所以有每屆五年合各國齊修一次之議爲要也一在條約期於易明此所以有另訂一統同一律之條約大略底式以便各國無易惑難明之事也一在有互相換允之章程所以信彼此之心也一現在之章程未能盡於妥善此所以宜更正而使彼此無遺憾也如

是則在中國可以知外國人在中國有所限制外國人可以知雖有所限制而於分所當得者亦寓於其內庶交鄰之道不致歷久而有礙於和睦大局矣至其餘之利益則於末論述暨

末論

一現奉劄飭遵擬一切已將所宜籌及者列爲商務訟件政務三項將每項所擬議各節逐層開錄並將彼此所有之怨言特爲倡明以見所議之各事實緣於所怨言而設籌者也惟前所擬議之法其利益之各有所在猶有宜於申而言之始獲盡其意者因贅於末夫現在彼此所欲者若使僅在施行現章則所事無難亦祇期於現章內之未明晰者由大憲申明之已耳如商務內之子口稅章程訂明存票章程訂明則商務中除此無可爭辯者如訟件內之有關交訟事件將彼此應如何會同之處訂明則是訟件中除此亦無可爭辯者若果止爲此則凡係政務者自無煩題及矣惟詳閱彼此所言細思彼此所怨是所求者並非祇期於現章之施行所缺者並非祇在現章之欠明實爲現章之未妥而期另議至妥至善之辦法耳蓋現行之章不但是強使外國人趨於狹轍中而不克行其自然且使之行於轍而中國人猶忌之其現行章程之事體語言不但如設法使外國人有越分之行

使中國人阻外國人所應得之益並其章程中之理更如隱峻外國人使生越分之心使中國人有阻止外國人所應得之心是凡章程中之約束者反不啻寬放之也凡寬放者反不啻約束之也是生意期於盛交往期於和凡興利除弊期於速則彼此之所期者其不徒在現章之施行實在得新章之妥善也

一商訟政三項各項俱備有四議在勿論某議若果克行知較勝於現章者已足可祛除數大弊端矣惟各項備議則有四而四議中在鄙意竊以爲差強者則各項中之第一議爲重也諸望詳察之而熟思之若能照第一議行之則知中外利益不日卽許立見其利益之所在分贅於後

商務各益

一分事不分人之訂章使中外一體遵守則不但不使有越分阻止之爲且直毋庸有是想也

一外國買賣十種貨物不但可免各處無定之稅厘且於口岸正子有定之稅餉外一概均可免納矣

一中國買賣百種貨物既可免出入通商口岸之定稅並於其餘各因時制宜新定之稅餉不致有所窒礙商得此益官得彼便

- 一其餘有三種貨物一係一見卽知爲洋貨惟所來不多亦不常見入內地一係不能確知其爲洋貨華貨亦不輕見入內地一係中國土產雖係往出外洋者究亦不輕見出外洋此三種貨物不大甚有關繫外國生意所以仍令其完各無定之稅餉並免其完納出入通商口岸之有定稅餉
- 一雖有完納出入有定之稅與完納各處無定之稅之區別然裝貨來往船隻猶不用赴兩關納稅亦不用因赴兩關而耽延其時緣因完他處各稅故在通商口岸起下貨時無庸納稅
- 一遇有洋商欲爭作華商之生意則凡華商應遵之章卽宜遵之遇有華商欲爭作洋商之生意則凡洋商應遵之章亦宜遵之以免低昂
- 一凡有通商口岸各行棧內差役不時探緝訪拏各事並凡有內地子口章所生各弊端亦卽概可免除矣
- 一凡事計利者亦須計弊計益者亦須計損今不特不因益此而損彼因利而忘弊且不致因計關務稅徵而有礙其商情亦不致因計商人生意而有礙於稅徵且不致因此國而有礙於彼國亦不因彼國有礙於此國持法亦可謂各得其平而各沾其益也
- 一從此洋商可以不必借名於華商華商亦可無庸忌洋商之生意中國官可無謂因洋商而有虧稅餉卽洋商亦無謂時興生意諸多阻滯也

一五年修約相距不遠即可乘時制宜而興利祛弊也

訟件各益

一從此中外交涉之訟件得有通同之辦法得有一定之律例得有一定之罪名不但可以保護人之身產且彼此如前之弊病怨言可自此而免矣

一凡此章程辦法可以日進美善每屆五年可增者增可刪者刪可改正者改正漸漸自臻於盡善而得一永安之章矣

政務各益

一凡政務內所提及各節苟能彼此互爲宣言倡明一切則彼此兩無猜嫌而失和之一說可先無慮若更能趨所議而行之則不但將前所允之勢力從茲可言放弛並前所相忌相阻之懷悉易而爲相友相助之意矣一政務若能允辦則與商務訟件俱有裨益蓋商務不致有從而阻窒之人訟件亦不致有違章而行之事以是請將各項所擬之第一議願姑爲試行即可知其利益之所在何如也

一在奉劄遵擬者歷言功效若是而在聞所擬者或不能無他說焉在外國定有三說其一論政務者必謂中國原允各件不可復棄而還之一論教務者必謂以奉教之人不得歸管於中國不奉教之官一論商務者必謂中國

允辦各事雖善但中國所允日後準行與否無所爲憑竊思所擬議之章程辦法係出於公原不能杜人之評論而評論之言在擬議者亦宜深思之特評論之下須平心將議中所倡舉各言現在各情形詳細思之且評論時其間猶有六說在須知之一說現在之情形彼此均屬不願一說彼此欲各得其利益卽彼此宜各有儘讓處一說所擬之章不過係五年試辦之章增刪改訂均可一說所擬各項若果略如所言之各益則自應一試爲宜一說所擬各章正所以免其屈抑而得遂其長養之機亦所以祛其狹隘而使游其寬裕之路亦所以使之各安所守正所謂但分事而不分人中外無歧視而悉歸平蕩者是也一說凡論政務者若於其中得有生事端之根由試問此根基應留抑應去再者外國所來之人數少若歸地方管理卽於其本國亦無甚出入且中國向來於歸中國管理外來之人常見中國相待並無刻薄之處况以歸地方管理而論則凡遇有交訟事件旣係照新訂之章程辦理則處處公而不私人所共得聞見凡論訟件者試問此歸管理之事又何可慮耶凡商務所議各節彼此商辦者大率皆彼此願行之件皆彼此能行之件若使彼此預知有議而不準行之勢試問又何必彼此商量於其先耶此六說如是若評論所議者能於此六說思之則可知現行之章程如何宜改則可知所擬各節如何之宜先試辦也

一以上所云是恐有不治人意者防其評論如是至猶有不治人意者則有中國之評論在夫中國執事者現於各事難辦之端姑勿論及祇以一節而論恐評論者以爲肯收而不肯再放也蓋從前所允各事端中國但有所與於人而無所取於己現在議行章程自與從前立條約之情形不同從前如逆水行舟挽流而強進現在則不進而倒退時也或恐外國之所欲者尙多於後不止於此或以中國之所與者過多是以恆存斬而不予之情因有不克準行之意亦未可知在執事者既飭爲擬議自必有可辦能辦之主見在先而在評論者當未出言先須知有三說在一說旣欲取卽不能不與一說欲互相得益卽不能不互相儘讓互讓亦不爲不公允一說凡欲收贖原物者不能不以本利償所質評論者宜思此三說焉在執事者則宜思如所議而允行與外國固自多利益要知以中國論其利益亦不減於外國也

一所議者分列三大項其三大項之次序原宜以政務爲第一訟件次之商務又次之而此以商務爲首政務居後者其倒序處亦自有說蓋所議之先後正不欲以此件之難辦者致有阻於彼之易辦者也是以商務中之易辦也訟件可行者行訟商兩項不行政務一項亦無不可也若能三項俱得照行則因易而難更得漸進於全善矣

三大項中各有四議若於各項各議揀擇而行亦無不可雖於商務中揀用第一議訟件擇用第二議政務復選行第三議彙集而行之亦無不可但能俱擇各項中之第一議而用之似更覺臻至善也惟無論於各項某議取而用之要知所擬議者姑舉其綱目耳若各議中之分條細款章程所在尙宜卽所議之綱目而另爲詳贅一今奉擬各節其商務所議足爲商務整頓之法並可免所述之怨言其訟件所議足爲交涉訟事辦法並可免辦理不公之謗其政務所議足爲商務之輔助匡訟件之不逮並免却現在往來交涉之難處可期無阻礙於後來交往之道路竊思所議各節縱使得以允行縱使得忘却以前之虧損得以後之利益亦勿以是爲通治百病之藥材勿以是爲點金致富之法術緣日後必有蒙昧官員誤會章程日後必有因廉俸不足之官員蒙法營私以違新議日後必有不安分之百姓滋生事端日後必有不善籌畫之商因貪利而失本若使現在並無各等阻礙准照所議而行中外則必得其益也惟其益之如何有如何無一俟試辦始可知也夫所議各益果如所言固所願也但其益之能否若是雖不可知雖不可必而其中有一利焉足堪自慰者一利者何卽彼此各有之怨言彼此未辦之益處經此一議俱得題及而倡明矣所有彼此難處彼此情理已論列於此足資他人之採擇可由此而設法由此而酌行在擬議者之難易與否但看劄文所示各說一爲思之即可知焉此節略匆匆草草不下數千言正所謂知無不言言無不盡者是第其字句之猶待修飾語意之猶欠圓融均所未暇計及者

Supplementary Despatch from the Inspector General of Customs to His Imperial Highness the Prince of Kung and Their Excellencies the Ministers of the Tsungli Yamén.

PEKING, 8th February 1876.

1.—The Undersigned having received the Yamén's instructions of the 6th October calling for proposals for the better regulation of commercial intercourse, had the honour to submit his detailed reply on the 23rd of January.

It will have been seen that the Commercial Proposals, First Set, suggest 1°, that the staples of foreign trade, viz., Cottons, Woollens, Metals and Sugar *inwards*, and Tea, Silk Sugar and Cotton *outwards* shall pay Customs Duty and Inland Due simultaneously at the time of shipment or discharge to the Treaty Port Customs, and be everywhere else and at all times free from every other charge in China, and 2°, that all other kinds of merchandise (excepting Opium, which is specially provided for) shall be exempted from payment of duty by the Treaty Port Customs and be liable for every local charge wherever else met with in China, no matter in whose hands.

It is reasonable to take it for granted that proposals are only made after due consideration and are susceptible of explanation and support. If it be asked then what the proposals just recapitulated are based on, the reply is the Treaty Port Customs Statistics of 1874, from which the following figures are now submitted. In 1874 —it may be said in round numbers, that—

	Tls.
Cottons	paid Import Duty,
Woollens	720,000
" "	160,000
Metals	140,000
Sugar	60,000
All other Imports	650,000
Tea	paid Export Duty,
" "	5,000,000
Silk	870,000
Sugar	90,000
Cotton	40,000
All other Exports	680,000

So that, during the year 1874, the eight import and export staples above named may be regarded as having paid duty amounting to Tls. 7,080,000, while all other goods (Opium not included) paid Tls. 1,330,000.

During the same year, of other dues and duties the Treaty Port Customs collected:—

	<i>Tls.</i>
Opium, Import Duty,	say .. 2,100,000
Native Produce, Coast Trade Duty, ..	570,000
Transit Dues, Inwards and Outwards, ..	230,000
Tonnage Dues,	200,000

Thus the total collection of the Treaty Port Customs for the year 1874 amounted, in round numbers, to *Tls.* 11,500,000. And this collection, it is to be remembered, is a collection made in accordance with rules already in force, and not according to the proposals now under consideration.

3.—If the proposal that has been made to tax staples at the Treaty Ports, freeing them elsewhere, and to free other goods at the Treaty Ports, taxing them elsewhere, were acted upon, then, taking the same year's statistics as the basis of a calculation, the results to be looked for would be much as follows:—

	<i>Tls.</i>
Cottons would pay Import Duty <i>plus</i> Inland Due, 1,080,000	
Woolens " " " " 240,000	
Metals " " " " 210,000	
Sugar " " " " 90,000	
Tea " Export " " 7,500,000	
Silk " " " " 1,305,000	
Sugar " " " " 135,000	
Cotton " " " " 60,000	

thus yielding, in all, a revenue amounting to *Tls.* 10,620,000.

If to this be added, as was also proposed, an import duty on Opium of 120 taels per pecul, amounting, on the supposition of an importation of 70,000 peculs, to *Tls.* 8,400,000, the sum total would be an immediate collection of over *Nineteen Millions* of taels and a certainty of Twenty Millions a year in a year or two.

When it is said that such a collection might confidently be relied upon, it is not a mere guess that is made, or an unfounded assertion that is hazarded; on the contrary, not only is the calculation supported by the Statistics of 1874, but is shown by those of 1875 to give results that are even below the mark. And as for the question as to what is, or is not possible for the Customs, there is nothing to show that the plan proposed for adoption is in any respect other than feasible.

4.—If it be asked whether this increase in the Treaty Port Customs Collection would make up for the decrease in collection at other points likely to result from the adoption of the scheme, a reply may be gathered from what follows.—A short time ago, the Undersigned requested the Board of Revenue to state the annual amount of Likin derived from *Tea*, *Silk* and *Opium*; the Board replied that its accounts did not admit of furnishing separate totals. But although these particulars could not be ascertained from the Board, it has been elsewhere gathered that the Likin of the eighteen provinces may be computed at about Ten Millions of Taels annually. Accordingly, taking the year 1874 for example, that part of the general revenue which is made up of 1°, *Treaty Port Customs Duties* and 2°, *Likin throughout China*, may be said to have been *Twenty-two Millions* for the year. Now this is just about the sum to which it is calculated the Treaty Port Customs Duties would alone amount in a few years more, were the proposals just made adopted. As for the effect of these proposals on the national revenue then, their profitable character is so evident, that it is needless to demonstrate their harmlessness.

Again, it is continually said that the Likin is but a temporary measure and will sooner or later be discontinued. Supposing Likin to be discontinued, the Treaty Port Customs Duties would then alone remain available; but, when that day comes, if the Customs duties should be found to have already increased to such an extent as to make up for the discontinued Likin, then the proposals which should achieve such a result can hardly be regarded as other than good.

5.—Here, however, the Undersigned has another proposal to submit. The *Peking Gazette* has of late frequently published Memorials from high officials recommending the discontinuance of Likin, but such memorials merely contain the request that the Likin may be stopped and do not show how governmental business can be carried on in such a way as to really enable Likin to be dispensed with; this being the case, it is no wonder that other officials memorialise in reply, and, urging that such recommendations cannot be attended to, procure their rejection. Under these circumstances, the Undersigned begs to point out that the proposals he has already submitted appear to be calculated to meet this difficulty: they show how the revenue given up in one direction might be more than made up for in another. If therefore the Yamēn would make those proposals the subject of a special memorial and procure the discontinuance of Likin, not only would many a foreign difficulty be avoided, but—while only a Yamēn for the

transaction of foreign business, yet so transacting it as to promote China's internal interests—a tax that has harassed the people, been denounced by officials, given rise to innumerable malpractices, and is only, after all, of a temporary and ephemeral character, would be removed, while a source of revenue would be substituted of an enduring and flourishing kind,—a revenue which on the one hand would increasingly enrich the Imperial Exchequer, and on the other in no way harass or be a burden to the community.

The Undersigned would therefore beg that this supplementary despatch may be read and considered in connection with the Proposals already submitted.

ROBERT HART,

Inspector General.

布政使銜總理通商各口洋稅事務總稅務司赫德爲續陳前申事竊前奉光緒元年九月初八日

劄文飭擬通商各口徵抽稅釐事宜等因當經總稅務司詳細酌核通盤籌畫開具節略逐項分擬於元年十二月二十七日備文中呈在案惟查所擬之商務一項於第一議內其有關係外國貿易之進口貨色有布匹絲絨銅鐵
綢四宗出口貨色有茶葉絲綢棉花舖四宗均擬請於進出口時在於該關即將正子兩項稅餉一併照納完清此後無論行抵何地凡遇關卡一概免行抽收釐稅至其他進出口各項貨物在通商口岸界內免行赴關照納稅餉其遇內地關卡均照收稅釐不准免納等語伏思凡所擬議必有所憑施爲乃有把握若謂所憑何在把握何在則試請以同治十三年稅徵大數較量可知十三年通商口岸各關徵收布匹進口稅至柒拾貳萬兩絲絨進口稅至壹拾陸萬兩銅鐵進口稅至壹拾肆萬兩綢紗進口稅至陸萬兩其餘各項貨物進口稅則徵至陸拾伍萬兩其茶葉出口稅至伍百萬兩絲綢出口稅至捌拾柒萬兩綢紗出口稅玖萬兩棉花出口稅肆萬兩其餘各項貨物出口稅則陸拾捌萬兩以此進出口八宗貨色而論年終共收至柒百零捌萬兩之數其餘貨物進出所收則在壹百叁拾叁萬兩除此又有洋藥進口稅貳百壹拾萬兩又有土貨復進口稅伍拾柒萬兩又子口稅

貳拾叁萬兩又船鈔銀貳拾萬兩統計在內是同治十三年間共收至壹千壹百伍拾萬兩之數此尙非按所擬八宗貨色正子兩稅併徵於口岸之議也若照所擬八宗貨色於口岸完清正子兩免徵其他貨物辦之則每年計布疋稅可收至壹百零捌萬兩之數絲絨計可收至貳拾肆萬兩銅鐵可收至貳拾壹萬兩進口糖飴可收至玖萬兩茶葉可收至柒百伍拾萬兩絲綢可收至壹百叁拾萬伍千兩出口糖飴可收至壹拾叁萬伍千兩棉花可收至陸萬兩八宗貨稅計共壹千零陸拾貳萬兩再能於洋藥照每箱壹百貳拾兩辦理則卽以柒萬箱計可收至捌百肆拾萬兩連八宗貨稅共可收至壹千玖百餘萬兩之數是年終徵數欲期至貳千萬之數定許在一
二年之間也然此可收之數並非無所見而云然亦非憑空揣度之謂誠以十三年之收數而推之知必能到此
數目况以光緒元年稅餉而論現已較同治十三年多至數十萬矣已有明證可驗以各海關而論亦可稱辦得
到之事至謂照所議辦理即可多收若此之數其數是否可抵各地關卡免徵之數一層查上年曾函請

戶部核明各省茶葉湖絲洋藥三項釐金一年總數雖經示覆難於分晰然總稅務司竊聞年終各省釐金大數約至壹千萬兩上下則以同治十三年各海關年終稅數合而計之是有貳千貳百萬之數惟合兩項而計之始有此數若照所擬辦理卽海關一項五六年內即可收至此數則衡之國計其爲有益可知其爲無損不待言也再者嘗聞各地釐卡之設原屬權宜一時並非常策是釐金一事自在不日間即可言停止矣惟釐金停後祇有關

稅一項可靠異日關稅之可以多收既足抵各省釐金之數則所議亦不得謂非善法也言及此則更有請者總稅務司每閱邸抄見內外臣工條奏多有停止各省釐金之請但條奏者祇知有停釐之請而究無如何辦法始可停釐之議無釐金可停之議但有釐金宜停之說亦無怪內外議覆者俱以時勢礙難等語爲辭也茲以鄙見不如由

貴衙門卽以前之所議詳爲陳明專行奏請停止旣於外國交涉事中免卻多少煩擾卽以

貴衙門專辦洋務而論著於辦洋務之中可得有益於地方之善法則向所謂滋民累討官嫌並百弊叢生之究非常策諸患俱從茲可以息止亦且足爲後世永賴日增月盛之善章上可以理財裕國下可以無礙旅民因是續爲陳明不慮凟言呈請

裁奪專此備文伏祈

鈞鑒可也須至申呈者

右
申
呈

欽命總理各國事務衙門

光緒二年正月十四日

**China's Diplomatic Service to be maintained by appropriations
from Customs Revenue.**

INSPECTORATE GENERAL OF CUSTOMS,

No. 624 Comrs.
Shanghai. No. 2464.

PEKING, 10th November 1876.

SIR,

1.—The arrangements made for the establishment of Chinese Legations in foreign countries provide that one-tenth of six-tenths of the duties collected on foreign trade shall be sent from each port to Shanghai, and be thence remitted through me as the Yamén may direct. The Minister to England, *Kuo Ta-jén*, leaves Peking today, and the following points are to be attended to by you at Shanghai in this connection:—

- 1°. He has drawn 7000 taels at Peking, and the arrangements for his journey to Shanghai will be managed by himself;
- 2°. In procuring passage tickets from Shanghai to Europe, you are to assist him: if the 7000 taels prove inadequate he is to indent on the Shanghai Taotai for more: as himself and suite are officials, the steamer company will probably, if asked by you, make a reduction similar to that allowed for Customs' employés (20 @ 25%);
- 3°. For use along the way money may be required: you are to assist him in arranging how to procure it;
- 4°. For use in London, he is to take with him the equivalent of 30,000 Haikwan Taels: you will draw this amount from the Taotai, and have a Bill of Exchange in readiness to hand to him;
- 5°. Some of his suite are to leave part of their pay to go to their families monthly at Shanghai: you are to draw this amount monthly from the Taotai and pay it to the agents authorised to receive it by the individuals named.

I enclose copies of the Yamén's and *Kuo Ta-jén*'s despatches for your guidance. Similar instructions have gone forward to the Taotai. In buying drafts you will use your discretion, but you must be careful to take nothing but safe paper; although there may be some loss occasionally I think, for security's sake, it would be

well to do this business always through the Oriental Bank Corporation. All moneys received and remitted or paid out through you on Missions' A/c are to pass through your A/c *D*, and you are to report in despatches of the ordinary I.G. series the particulars of each remittance made. You are also to send me a list (Chinese and English) of the members of *Kuo Ta-jén's* suite whose families draw part pay at Shanghai, with the allotment authorised by each.

2.—The Yamén's despatch encloses no list of the suite of the Assistant Minister *Liu Ta-jén*, but I presume your assistance will be equally required in his case: you are therefore authorised to act accordingly.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

GEO. B. GLOVER, Esquire,
Commissioner of Customs,
SHANGHAI.

欽差大臣署理禮部左侍郎郭爲

照會事照得本大臣

奏調繙譯官鳳儀德明隨同出洋現據該員等呈請將該二員月支薪水每月留京二成以抵該員等在京家屬

支用等情除差次應領八成外合亟照會

貴總稅務司請煩查照希將鳳儀等二員各留京二成銀四十兩抵支該員等家用並請給憑發交該二員收執以憑按月支領其餘各員或應由上海發給仍希知會

上海稅務司一體查照施行須至照會者

右 照 會

總 稅 務 司 赫

光 緒 二 年 九 月

傳字第壹百壹號

日 照 會

大清欽命總理各國事務衙門

寫

劄行事光緒二年九月十三日本衙門具

奏酌定出使章程一片本日軍機大臣奉

旨依議欽此業於九月十三日恭錄

諭旨抄錄原片並章程清單劄行總稅務司遵照在案嗣於九月二十一日據

欽差大臣郭 咨稱本大臣奏調京外各隨員應領整裝銀兩須俟上海會齊後核定數目具報存案此次在京各員及本大臣開銷在京用款應先借給銀柒千兩以便分別轉給催促啟程咨請本衙門查照給領等因查出使經費本衙門於八月初九日奏請將各關所收六成洋稅作爲十成分算即於此十成內每關每結均酌提一成另款存儲聽候指撥並請通飭各關監督均自第六十五結爲始一體遵辦等因奉

旨允准欽遵行知亦在案此次

欽差大臣郭 由京起程前赴上海所需盤費毋庸總稅務司經理俟抵上海後前赴倫敦搭坐輪船應需船票並

沿路應用銀錢應由總稅務司轉飭江海關稅務司幫同料理迨抵倫敦後所需經費銀兩應由上海道先行籌關平銀三萬兩交由江海關稅務司代爲妥買匯票面呈 郭大臣查收以便到倫敦後支用其匯兌倫敦銀兩若干應由總稅務司隨時呈報本衙門查核至 郭大臣及隨從各員應需整裝銀兩前經本衙門奏定均按三個月俸薪支給除已由本衙門借支銀七千兩外尙應找付銀若干應由 郭大臣開具清單交上海

道按數發給江海關稅務司料理一切仍聲復本衙門備查至此次 門歸款以重帑項相應劄行總稅務司遵照辦理可也須至劄者

粘抄郭大臣隨帶各員單一紙

光緒二年九月

右劄布政使銜總稅務司赫 淮此
二 十 四

總字第柒百柒拾肆號

郭大臣隨帶各員單

布政使銜貴州候補道張自牧二等參贊

江蘇候補知州黎庶昌三等參贊

兵部候補員外郎德明三等繙譯官

戶部候補員外郎鳳儀三等繙譯官

刑部主事汪樹堂隨員

候選通判張斯恂隨員

廣東候補知縣李荊門隨員

候選縣丞羅世琨隨員

Legal Opinions on Ships' Manifests, and what may be required in them.*

Your opinion is requested on behalf of the Inspector General of the Chinese Imperial Maritime Customs with reference to the liability of Masters of British Ships entering Treaty Ports for the correctness of Manifests.

In Mr. Mayers' Book sent herewith will be found at p. 11 a print of the Tientsin Treaty of 26 June 1858 between Great Britain and China by which the Commercial relations between the two Countries are regulated.

By Article 16 British subjects committing any crime in China shall be tried and punished by the Consul according to British law.

Note.—This is not held to relate to smuggling.

By Article 17 if a Chinese have reason to complain of a British subject the Consul shall listen to his complaint and endeavour to settle it in a friendly manner if he cannot do so he shall request the assistance of the Chinese Authorities that they may together examine into the merits of the case and decide it equitably.

By Article 37 within 24 hours of arrival in Port the ship's papers Bills of Lading etc. shall be lodged in the hands of the Consul who within 24 hours is to report to the Superintendent of Customs the name of the Ship her tonnage and the nature of her cargo with a penalty in case of default by the Master and by the 2nd Clause of such Article it is provided that the Master will be responsible for the correctness of the Manifest which shall contain a full and true account of the particulars of the Cargo on Board. For presenting a false Manifest the Captain will subject himself to a fine of 500 taels (about £150) but he will be allowed 24 hours to correct mistakes in the Manifest.

*These opinions were asked in connection with the *Taiwan* false manifest case. On 21st February 1878 at Foochow, Customs officers made a seizure of 2.53 picals of opium on board the British steamer *Taircan*, this opium being in excess of the amount entered on the ship's manifest. On the seizure being made the Commissioner of Customs, Mr. C. Hannen, lodged a plaint at the British Consulate and requested the Consul, Mr. C. A. Sinclair, to inflict on the captain of the vessel the fine of Tls. 500, laid down in Article XXXVII of the Treaty of Tientsin between Great Britain and China, as the penalty for presenting a false manifest. The case was tried in the Consular Court, and the Consul on the ground that fraud had not been proved refused to inflict the penalty. The Commissioner demurred to this judgment, and gave notice that the case must be referred to the High Authorities of both nations at Peking for decision, following the procedure called for in the Joint Investigation Rules. Mr. Fraser, the British Chargé d'Affaires, supported the judgment given by the Consul, and the arguments brought forward by the Tsungli Yamén to induce him to change his mind were unavailing. The matter was finally referred for settlement to the British Foreign Office and the Chinese Minister in London (*vide* Customs publications: Office Series, No. 10).

Note.—In practice the Consul reports the Ship's arrival only and not the nature of the Cargo and the Customs have only the Masters Manifest to rely upon.

Note.—Article 38 provides that if the Master opens hatches and begins to discharge goods without permit he shall be fined 500 taels and the goods discharged shall be confiscated.

Articles 46 and 48 relate to Smuggling and the latter Article renders the smuggled goods subject to confiscation and the smuggling ship subject to prohibition from trading further and to be sent away.

By Article 49 penalties or confiscations under the Treaty belong to China.

Certain Joint Inquiry rules assented to by England and the other Treaty Powers will be found at p. 216 of Mayers' book and show how Smuggling cases are in practice conducted.

Rule 6 provides for Cases of Fine under the Treaty being brought before the Consul who however has to call in aid the Customs' Commissioners to make a Joint Enquiry and if they differ the matter is referred to their respective High Authorities (*i.e.* The Chinese Foreign Office and the British Minister) at Peking but the Merchant on giving Bond for the fine is able to get ship or goods released. It is true that this rule appears to relate only to cases where a *Merchant* is accused and it might not in a strict legal view apply to the case of a Master. But there seems in the Treaty no provision for fining a Merchant in the strict sense of the term and it appears to have been considered that for the want of other subject matter the rule must apply to Masters liable to fine under the Treaty.

Practically therefore the question of fine or penalty on the Master becomes the subject of Diplomatic negotiation or action, if the Consul and Customs authorities differ and in the result the Master evades the Fine.

Now the cases in which the Customs Authorities have to deal with Masters giving untrue Manifests are generally as follows.

A Ship enters a port and is duly reported and her papers lodged the Customs House Officers board her find all apparently in Order and give permit to open hatches and discharge. Subsequently information is received of Opium or other goods subject to duty being secreted on board and on further search such are found seized and confiscated.

But the Master of the vessel always protests his innocence and appeals to his manifest as containing particulars of all the Cargo for which he has signed Bills of Lading and the Consular Authorities take his part and assert that he is only liable to one punishment viz.—the penalty for presenting a false Manifest and that he does not subject himself to that penalty if his Manifest correctly sets out particulars of the goods for which he has signed Bills of Lading.

According to this contention a Master might wilfully secrete on board Opium for which he might give no Bill of Lading and which he might smuggle on his own account and yet he might be liable to no punishment but the loss of the goods.

Or he might connive with his owners or others to introduce Opium at their risk he running none himself unless he had signed a Bill of Lading for the Opium but excluded it from the Manifest.

It is understood that the Consular Authorities have laid the matter before Mr. French the Chief Judge of the Consular Court of China and Japan and that he has advised that a Master is not liable to fine or penalty in the case of his presenting a Manifest which agrees with the Bills of Lading signed by him, although goods not manifested may be on board, in other words he is not liable where the goods not manifested are goods for which Bills of Lading have not been signed and that the word "cargo" in the 37th Article of the Treaty of Tientsin refers only to goods for which Bills of Lading have been signed.

Now in the actual cases which arise whether of the Master wilfully smuggling Opium or other Articles not shewn in the Manifest or of Men in the Crew smuggling to the Master's knowledge it is clear that the remedy of the Customs may be very inadequate, if there is no possibility of imposing a penalty on the Master. He represents in China the Owners of the Goods and the Crew who are punishable only by the confiscation of the goods or prohibition of further trading by the Ship. The Owners and the Crew of course go in for the speculation and are prepared to lose on a turn now and then being personally exempt from punishment, but it is almost impossible for them to smuggle without the connivance or wilful blindness of the Master, and his dread of the penalty to which he is personally liable is found to be in fact the best deterrent.

The Customs Authorities would of course not seek to inflict any but a small penalty in cases where the Master was really innocent or appeared to be innocent of any wilful offence or gross

misrepresentation, but the infliction of a small penalty in cases of irregularity is found to be very useful and the Customs Authorities maintain that they have the right under the 37th Article of the Treaty to inflict a penalty on the Master if he presents a Manifest which is in fact untrue either by not including Opium or other Articles on board the Ship represented by no Bill of Lading or by not truly representing the shipments represented by Bills of Lading.

They consider that the Master is liable even if he could prove that goods not in the Manifest had been placed and kept on board without his knowledge although this might be a good reason for mitigating the penalty to a nominal sum.

It is important for the Customs to know clearly what are their remedies as if the Treaty gives insufficient remedies there may be diplomatic action taken to obtain additional protection.

It may be necessary to consider what is the true definition or meaning of the word "Manifest" and it is well to refer to our own Act 8 and 9 Victoria Cap. 86 sec. 3 for an explanation. There it is clear that the inward Manifest was to give particulars of all the Packages on Board without any reference as to whether or not they were represented by Bills of Lading signed by the Master.

By Section 5 if any goods should be imported without Manifest the Master was to forfeit £100.

These Sections relating to Cargo coming into English Ports are no longer in force inward Manifests being now not required in England (*see* the Acts 16 and 17 Vict. c. 107 sec. 50 and 39 and 40 Vict. c. 36 sec. 50) under which however the system is continued under with merely the substitution of a Report for an Inward Manifest.

There did not seem to be any outward Manifest required under that act for a Ship clearing outwards from England although outward Manifests were always used but Section 111 of the Customs Consolidation Act 1876 (39 and 40 Vict. cap. 36) makes an outward Manifest necessary and gives a very good account of what a Manifest ought to be viz.: a Manifest of all the goods shipped.

The Customs Authorities in China conceive that they are entitled under Article 37 of the Treaty to have from every British Ship arriving in China at least a Manifest containing particulars of all Goods on board whether represented by Bills of Lading or not and whether dutiable or prohibited or duty free goods—for duty

free goods imported are liable to a $2\frac{1}{2}\%$ *ad valorem* duty if sent into the interior under transit passes. In England the Inward Manifest or Report always contains for example not only surplus stores such as Spirits Wine and Tobacco liable to duty but also cases containing presents—articles received on board from ships derelicts or wrecks, met with on the voyage also even wreckage picked up on voyage and in China we submit that the Manifest should contain in like manner particulars of all goods and packages on board and certainly should not omit as the Consul holds, any Opium or other dutiable article on Board whether represented or not by Bills of Lading.

Under these circumstances the advice of Counsel is requested:—

- 1st Whether the Manifest to be presented by the Master of a British Ship entering a Chinese Port need only contain particulars of the goods on board for which Bills of Lading have been signed by the Master or should also contain particulars of all other Goods on board so that the Chinese Customs Authorities may see what goods whether dutiable or prohibited or duty free are on board even though not represented by any Bill of Lading and particularly whether the word "cargo" as used in the 37th Art. of the Treaty of Tientsin can be taken to refer only to goods covered by Bills of Lading or what is the proper meaning of the term as used in the Treaty.
- 2ndly Whether a Master is liable to the penalty of 500 Taels if he presents a Manifest which does not contain particulars of goods whether dutiable or prohibited or duty free which are on board the Ship but are not represented by Bills of Lading.
- 3rdly Does the liability of the Master depend on his knowledge of the unmanifested goods being on board whether concealed or not concealed or is the mere presence of unmanifested goods on board sufficient to make him liable without further evidence of *mala fides*.
- 4thly and Generally:—You are requested to make any observations or suggestions which occur to you independently of the above questions to guide the Customs Authorities as to their powers to impose the Penalty and the course they should take with regard thereto.

OPINIONS.

- (I.) 1. We are clearly of opinion that on the right construction of Art. 37 of the Treaty of Tientsin the Manifest ought to contain a full and true account of the particulars of the entire cargo on board, whether covered by Bills of Lading, or not. The term "cargo" means goods laden *i.e.* everything put in the ship for carriage, not being mere consumable stores for the use of the ship and crew. The word is defined in Webster's and other dictionaries of authority as "the goods, merchandize, or *whatever is conveyed* in a ship." And a similarly extensive meaning is attached to the term as used in The Customs Consolidation Act, 1876. The 50th and following sections of that Act, which require the Master of a ship, to make report within 24 hours after arrival, are introduced by the heading 'Report of Cargo,' and when we turn to the form of report given in the Act to see what is intended by "cargo" we find it embraces all goods on the ship (*cf.* the form of entry by Bill of Sight given in Form 4 Sched. B to the Act). By the 144th section of that Act the master of every coasting ship is required to keep a "cargo book" *i.e.* a book of the cargo or as the section goes on to shew, "an account of *all goods*" taken on board the ship at every port of lading. In addition to the conclusions to be drawn from the meaning of the word 'cargo' generally, we may notice that the term 'Manifest' itself imports a statement of all the goods on board. In McCulloch's dictionary of Commerce a Manifest is defined to be "a document signed by the Master..... containing a particular account and description of all the packages on board, with the marks and numbers thereon, the goods contained in such packages," etc., etc. And with this signification agrees the use of the term in The Customs Consolidation Act 1876, by section 111 of which Act it is enacted that in all cases of exports the Master or owner shall deliver a Manifest of *all the goods shipped*, containing the marks and numbers and the number and description of the packages etc.
2. We answer this question in the affirmative.

3. We are of opinion that the liability of the Master for presenting a false Manifest does not depend upon his knowledge of the fact, but simply upon whether or not the Manifest be true in fact. This is evident from the latter part of the 2nd clause of the 37th Art. of the Treaty. If the penalty did not attach in cases where the incorrectness of the Manifest was due only to mistake there would have been no necessity for expressly saying, as is done in this clause, that the master can in such cases avoid the penalty by correcting the mistake within 24 hours after delivery of the Manifest to the Customs Officers.

J. P. BENJAMIN,
WATKIN WILLIAMS,
C. C. MACRAE.

TEMPLE, 8th August 1878.

- (II.)
 1. We are clearly of opinion that the Manifest to be presented by the Master of a British Ship entering a Chinese Port must contain a true and full account of the particulars of all goods on board whether liable to duty or prohibited or duty free and whether represented by Bills of Lading or not. In our opinion the word "cargo" in the 37 Art. of the Treaty of Tientsin must be taken to refer to all *goods* carried by the Ship and its meaning cannot be limited to goods carried under Bills of Lading.
 2. We are of opinion that a Master is liable to the penalty of 500 Taels if he presents a Manifest which does not contain full and true particulars of all goods on board both those which are and those which are not represented by Bills of Lading whether such goods are liable to duty or prohibited or duty free.
 3. We are of opinion that the Master is bound to present a correct Manifest of all goods on board and that his liability does not depend on his knowledge of any unmanifested goods being on board concealed

or otherwise but that the mere presence of unmanifested goods on board is sufficient to make him liable to the penalty without any evidence of *mala fides* or of knowledge or of any neglect on his part.

4. We are of opinion that the power to correct errors in the Manifest (37th Art.) is simply a power to correct *bona fide* mistakes and clerical errors and that no Master is entitled to correct a false Manifest the falsity or insufficiency of which has been discovered. We ought to add that in our opinion a Master cannot be held liable for the contents of packages duly entered on his Manifest as per Bills of Lading and in respect of which he has given Bills of Lading. The fine may in our judgment be recovered by the procedure laid down in the Joint Enquiry Rules.

HENRY JAMES,
R. E. WEBSTER,
A. YOUNG.

TEMPLE, 10th August 1878.

Joint Investigation Rules: Report on Working of.

CUSTOM HOUSE,

No. 116
1881.

SHANGHAI, 6th June 1881.

SIR,

8 Inclosures
Joint-In-vestigation
Rules:
Report on
Working of.

1. I have the honour to acknowledge receipt of your Circular No. 99, Second Series, calling for a report upon the working at this port of the Joint-Investigation Rules:

and in reply to hand you herewith such comments upon the cases adjudicated here as appear to me called for, supplemented by copies of the reports of them drawn up and forwarded to you at the time by the Commissioners concerned, all such cases having, it would appear, been reported to your office.

2. A preliminary set of rules to be put in working experimentally at Shanghai was forwarded to this office in your despatch No. 23 of the 23rd July 1864, and in your despatch No. 13 of the 21st February 1866 a set of Rules in Chinese differing somewhat from those sent in the previous despatch was transmitted. These Rules, under which no cases requiring Joint-investigation arose, were superseded in 1868 by those contained in your Circular No. 19. The first case under the new rules arose in 1871. The reports of this case and of the subsequent ones are appended.

The rules appear to have worked in a fairly satisfactory manner. Naturally the Consular Officer, on the one hand, before calling for a joint-investigation felt tolerably sure of his position and of bringing the case to a successful issue, and the Superintendent and Commissioner, on the other hand, were, as naturally, convinced of the justice of their action. It was not therefore to be anticipated that a decision agreeable to both parties could in all cases be arrived at upon the spot, but the appeals have not probably been more frequent than would be the case from any court of first instance whose judgments were open to revision by a superior tribunal. The cases consequently possess few features of interest and the action taken in them by the one side or the other calls for little comment. The case, however, against the master of the "Ellen Browso" for presenting an incorrect (or false) manifest to the Customs is an exception to this statement, two points of considerable interest having been mooted in it, or rather in the preliminary proceedings which led up to the joint-investigation.

The first of these points is the dictum of Mr. Mowat, the then Law Secretary in H.B.M. Supreme Court for China and Japan, that the wording of the Rules would not justify an investigation into a charge of contravention of treaty or Customs rules, if brought against the master of a vessel. When consulted by the Consul regarding his (the Consul's) jurisdiction in the case, Mr. Mowat informed him that he did not consider Rule VI applied in any way to the case in point, as the wording of the Rule was: "When the act of which a merchant is accused, etc."; that this was not a case against a merchant but against a master and that he was therefore of opinion that the Consul should refuse to proceed in the case on this ground, if on no other. If Mr. Mowat's opinion be good law, not only could no action be taken under these Rules in cases where a master is charged with an act punishable by fine (to which Rule VI specially applies), but none could be taken under the other Rules in cases where a master is charged with having committed an act involving confiscation of ship or cargo (opening hatches and

discharging cargo prior to the issue of permission by the Customs, British Treaty of 1858 Art. XXXVIII or trading at non-treaty ports, Art. XLVII). It might of course be urged that the object with which the system of joint-investigation was introduced, was to substitute for the old plan of settling cases by a tedious interchange of correspondence between the Superintendent and Consul, a procedure by which "the charge would be openly made, witnesses confronted, evidence sifted and judgment given, after a full and public hearing, in a fair and open court"; and that if the Consul by a narrow adhesion to the letter rather than to the spirit of the Rules, refused to allow that a particular case came within their application, he merely deprived his national of the advantages the system was inaugurated to secure for him, and that the only sufferer by such action would be the individual concerned. Still if the high authorities deemed it expedient, when inaugurating the system, to deal with certain offences in the manner indicated by these Rules when committed or charged to have been committed by one class, they doubtless would consider it no less expedient to apply the same procedure to all offences of the same character against whomsoever they might be charged. For this reason and in view of the obvious advantages of having one uniform system applicable to all cases, I would suggest, with the object of extending the application of the Rules to all cases, that a ninth Rule be added to those already in existence which might be worded somewhat thus:—"The term 'Merchant' as employed in the preceding Rules includes every person engaged in trade, master of a vessel, or other person whatsoever charged with an offence punishable by fine or by the confiscation of the ship or merchandise concerned."

The second point demanding attention is the position taken up by Mr. Medhurst, H.B.M. Consul, a position, be it observed which he consistently maintained during his tenure of office here.

Mr. Medhurst's contention was that Her Majesty's "China and Japan Order in Council, 1865" had removed all jurisdiction, civil and criminal, previously exercised by the Consulate of Shanghai from it and had transferred it to and exclusively vested it in the Supreme Court established by that Order in Council; that although the Joint-Investigation Rules had received the sanction of H.B.M. Minister in China, such sanction could not supersede the commands issued by Her Majesty in Council and that his first duty was obedience to them in spite of and notwithstanding any instructions which clashed with them issued by the Minister in Peking, that if joint investigation were insisted on by the Chinese authorities, such joint investigation might be held, but that it would after all be of

no effect, as he had power to invite only, but not to compel the attendance of witnesses or even of the accused, and no power to enforce the sentence passed, should the accused not comply with it voluntarily. The point is a very important one, for if Mr. Medhurst's contention can be upheld, the application of the Joint-Investigation Rules to British subjects entirely fails, and the only means of enforcing the penalties prescribed for the offences charged would be, at Shanghai, by an action in the Supreme Court, and at the other treaty ports, by an action in the Provincial Court of the port concerned, presided over by a Consular Officer sitting judicially, with the right of appeal to the Supreme Court in Shanghai.

The question then is "Having due regard to the treaty and all other agreements entered into by the British and Chinese Government can this contention be upheld"? To answer this question it becomes necessary to examine at some length the constitution of the Supreme Court and the extent to which it has been recognised by the Chinese Government.

The earliest statute which is referred to in the Order in Council establishing the Supreme Court is an Act of 3 and 4 William IV Cap. 93 in the 5th section of which it is said "Whereas it is expedient for the objects of trade and amicable intercourse with the dominions of the Emperor of China that provision be made for the establishment of a British Authority in the said dominions be it therefore enacted: That it shall and may be lawful for His Majesty, by any commission or commissions or warrant or warrants under His Royal Sign Manual, to appoint not exceeding three of His Majesty's subjects to be Superintendents of the Trade of His Majesty's subjects to and from the said dominions for the purpose of protecting and promoting such trade, and by any such commission and warrant as aforesaid to settle such gradation and subordination among the said Superintendents (one of whom shall be styled the Chief Superintendent) and to appoint such officers to assist them in the execution of their duties, and to grant such salaries to such Superintendents and Officers, as His Majesty shall from time to time deem expedient." Then clause 6: "And be it enacted that it shall and may be lawful for His Majesty, by any such order or orders, commission or commissions as to His Majesty in Council shall appear expedient and salutary, to give to the said Superintendents, or any of them, powers and authorities over and in respect of the trade and commerce of His Majesty's subjects within any part of the said dominions, and to make and issue directions and regulations touching the said trade and commerce, and for the Government of His Majesty's subjects within the said dominions;

and to impose penalties, forfeitures or imprisonments for the breach of any such directions or regulations, to be enforced in such manner as in the said order or orders shall be specified and to create a Court of Justice with Criminal and Admiralty jurisdiction for the trial of offences committed by His Majesty's subjects within the said dominions, and the ports and havens thereof, and on the High Seas within one hundred miles of the Coast of China, and to appoint one of the Superintendents hereinbefore mentioned to be the officer to hold such Court, and other officers for executing the process thereof; and to grant such salaries to such officers as to His Majesty in Council shall appear reasonable."

It may be remarked in passing that at the time this Order in Council was issued no treaty between Great Britain and China existed, the claim therefore of H.B. Majesty of a right to establish a Court with Criminal and Admiralty jurisdiction within the Empire of China would appear to be contrary to what is now (whatever it may then have been) an established principle of International Law, namely, that the jurisdiction, civil and criminal, of an independent sovereign within his own dominions is supreme, and that no other sovereign can claim to establish a Municipal Court, or to exercise civil or criminal jurisdiction within them unless the territorial sovereign has expressly sanctioned such Establishment and then only within the limits of such sanction.

Next comes the Act 6 and 7 Victoria Cap. 80 passed after the signature of the treaty of Nanking and the cession under it of the island of Hongkong to the British Government. This Act begins by referring to the Act already quoted (3rd and 4th William IV, Cap. 93) and to the jurisdiction therein conferred upon His Majesty's Superintendents of the trade of His Majesty's subjects to and from China, and then proceeds to state that Her Majesty may "authorise the Superintendent of the Trade of Her Majesty's subjects in China (so long as such Superintendent shall be also the Governor of the said Island of Hongkong) to enact with the advice of the Legislative Council of the said Island of Hongkong all such laws and ordinances as may from time to time be required for the peace, order and good government of Her Majesty's subjects being within the dominions of the Emperor of China, or being within any ship or vessel at a distance of not more than one hundred miles from the Coast of China, and to enforce the execution of such laws and ordinances by such penalties and forfeitures as to him by the advice aforesaid shall seem fit, and that it shall also be lawful for Her Majesty, by any such commission or commissions as aforesaid, to impose upon the exercise of the before mentioned Legislative authority all such

conditions and limitations as Her Majesty shall see fit to prescribe; and that it shall also be lawful for Her Majesty to disallow, in the whole or in part, any laws or ordinances so to be enacted as aforesaid, and with the advice of Her Majesty's Privy Council to alter the same, or any of them, as to Her Majesty in Council shall seem meet," etc., etc.

In the same year was passed an Act known as the Foreign Jurisdiction Act, (6 and 7 Victoria Cap. 94), which begins thus:—“Whereas by treaty, capitulation grant, usage, sufferance, and other lawful means Her Majesty hath power and jurisdiction within divers countries and places out of Her Majesty's dominions. And whereas doubts have arisen how for the exercise of such power and jurisdiction is controlled by and dependent on the laws and customs of this realm, and it is expedient that such doubts should be removed. Be it therefore enacted by the Queen's Most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons, in this present Parliament assembled, and by the authority of the same. That it is and shall be lawful for Her Majesty to hold, exercise and enjoy any power or jurisdiction which Her Majesty now hath or may at any time hereafter have within any country or place out of Her Majesty's dominions, in the same and as ample a manner as if Her Majesty had acquired such power or jurisdiction by the cession or conquest of territory.”

Then comes the Order in Council of the 9th March 1865 (28 and 29 Victoria Cap. 116) establishing the Supreme Court for China and Japan, the constitution and jurisdiction of which form the subject of the present inquiry.

The preamble to this Order after referring to the Acts already quoted in part proceeds:—“And whereas by the Foreign Jurisdiction Act it was enacted (among other things) that it was and should be lawful for Her Majesty to exercise and enjoy any power or jurisdiction which Her Majesty then had or might at any time thereafter have within any country or place out of Her Majesty's dominions in the same and as ample a manner as if Her Majesty had acquired such power or jurisdiction by the cession or conquest of territory:

“And whereas Her Majesty has had and now has power and jurisdiction in the dominions of the Emperor of China.

"Now, therefore, Her Majesty, by virtue of the powers in this behalf by the 6 and 7 Vict. Cap. 80 first recited Act and the Foreign Jurisdiction Act, or either of them or otherwise in Her vested, is pleased, by and with the advice of Her Privy Council to order, and it is hereby ordered, as follows:—

* * * * *

"4. All Her Majesty's jurisdiction exerciseable in China or in Japan for the judicial hearing and determination of matters in difference between British subjects, or between foreigners and British subjects,—or for the administration or control of the property or persons of British subjects,—or for the repression or punishment of crimes or offences committed by British subjects,—or for the maintenance of order among British subjects,—shall be exercised under and according to the provisions of this Order and not otherwise."

* * * * *

"7. There shall be a Court styled Her Britannic Majesty's Supreme Court for China and Japan."

* * * * *

"25. Each of Her Majesty's Consuls General, Consuls and Vice-Consuls (holding a commission as such from Her Majesty) resident in China or Japan (with the exception of Her Majesty's Consul at Shanghai and with such other exceptions as one of Her Majesty's Principal Secretaries of State at any time thinks fit to make),—or any person acting temporarily, with the approval of one of Her Majesty's Principal Secretaries of State or of Her Majesty's Minister in China or in Japan as and for a Consul-General, Consul or Vice-Consul, so commissioned as aforesaid,—shall, for and in his own Consular district, hold and form a Court styled Her Britannic Majesty's Court at (Canton or as the case may be) hereafter in this Order called a Provincial Court."

* * * * *

"35. All Her Majesty's jurisdiction, civil and criminal, exerciseable in China, shall, for and within the district of the Consulate of Shanghai, be vested exclusively in the Supreme Court as its ordinary original jurisdiction."

"36. All Her Majesty's jurisdiction, civil and criminal, exerciseable in China beyond the district of the Consulate of Shanghai and not under this Order vested exclusively in the

Supreme Court etc., etc., shall, to the extent and in the manner provided by this Order, be vested in the Provincial Courts each for and within its own district."

* * * *

"84. If any British subject in China or Japan violates or fails to observe any stipulation of any Treaty between Her Majesty, Her heirs or successors, and the Emperor of China or the Tycoon of Japan for the time being in force, in respect of the violation whereof any penalty is stipulated for in the Treaty, he shall be deemed guilty of an offence against the Treaty, and *on conviction thereof under this order* shall be liable to a penalty not exceeding the penalty stipulated for in the Treaty."

From these clauses read in connection one with the other it appears abundantly evident that one of the objects of this Order in Council was to deprive British Consuls, as Consuls, of all the judicial power they had previously exercised, and to vest this power exclusively in the Supreme Court, which was thus made the only Court in which actions could be brought, whether by British subjects or foreigners against British subjects or in which they could be indicted for breaches of treaty or local regulations; and putting the international obligations of Great Britain towards China aside as beyond the province of H.B.M. Consuls, that Mr. Medhurst was entirely justified by this Order in Council in the views he expressed with regard to the "Ellen Browso" case,—unless, indeed, its provisions were abrogated or modified by a subsequent instrument.

Now, clause 85 provides that "Her Majesty's Minister in China may from time to time make such regulations as seem fit for the peace, order and good government of British subjects resident in or resorting to China and for the observance of the stipulations of Treaties between Her Majesty, Her heirs or successors and the Emperor of China, and for the maintenance of friendly relations between British subjects and Chinese subjects and authorities, and may make any such regulations apply either throughout China or to some one or more of the Consular districts in China, and may by any such regulations repeal or alter any regulations made for any such purpose as aforesaid before the commencement of this Order." And it was doubtless under the authority and power conveyed in this clause that the British Minister gave his sanction to the Joint-investigation Rules. It has been objected, however, that a limit is immediately after put to the exercise of the authority above conveyed, in that the clause proceeds

to state that "any such regulations shall not have effect unless and until they are approved by Her Majesty, such approval being signified through one of Her Majesty's Principal Secretaries of State,—save that in case of urgency, declared in such regulations, the same shall have effect unless and until they are disapproved by Her Majesty, such disapproval being signified through one of Her Majesty's Principal Secretaries of State, and notification of such disapproval is received and published by Her Majesty's Minister in China." But this objection is effectually disposed of by the fact these rules—at least in their original form—were approved by the British Government on the 24th January 1866.* It would appear more than illogical that the British Government having approved the rules—and thereby the procedure they were instituted to establish—should deny its representative the power to require the attendance of the parties necessary to enable the investigation to be held in accordance with them, namely the person charged with the offence and the witnesses to be cited. It is, however, interesting in this connection to notice the decision delivered lately by the Supreme Court on appeal in a somewhat similar matter. On the 17th May 1880 Alexander Hurry, Master of the s.s. "Hungarian" and John Thomas, a master mariner, but borne upon the ship's articles as purser with wages of 1s. a month but receiving in addition a bonus of \$250 a month, were charged the one with employing and the other with acting as an unlicensed pilot for the port of Swatow, and were convicted by the Consul at that port of the offence with which they were charged under the General Port Regulations, variously stated as bearing date of 1st March 1877 and 1st April 1877 (These would appear to be the same as the "Port, Consular, Customs and Harbour Regulations," applicable to all the Treaty Ports in China, dated 31st May 1869 and approved by the British Government on August 21st 1869). The case was appealed to the Supreme Court; and on behalf of the appellants it was argued that pilotage was not compulsory, that there was no evidence that these regulations had been approved as required by sec. 85 of the Order in Council, and that the penalty specified in sub-section 4 of these Regulations was not in conformity with the penalties laid down in the Order in Council. In delivering judgment the Chief Justice said: "Is there any punishment prescribed for piloting a vessel without a license into or out of the port of Swatow? Sub-section 3 refers to the laws of his country for the punishment of the offender mentioned in that section. The Consul does not state the penalty to which Thomas was liable under his

* Treaties, etc. regulating the Trade between Great Britain and China in force on the 1st January 1877. E. Hertslet, C.B., p. 236.

conviction; but refers as already stated to section 19 of the General Port Regulations for H.B.M. Consulates of the 1st April 1877. That section provides that British vessels shall be bound as to pilotage to act in accordance with the Harbour and Port Regulations authorised in each port by the Customs Harbour Master and approved by the British Consul, and for any breach of the Regulations the offender is rendered liable to the penalties attached to them; and section 20 provides the penalties. Unless the Consul contemplated punishing Thomas under these Regulations, I am at a loss to see how he could punish Thomas at all. Then is Thomas punishable under those Regulations? The General Port Regulations of the 1st April 1877 purport to have been made in pursuance of section 85 of the China and Japan Order in Council 1865, and were signed by Mr. Fraser, who was H.M.'s Charge d'Affaires in China at that date; but it is not stated on the face of them whether they were approved by Her Majesty, nor was it declared in them that they were made in a case of urgency. I presume, however, that the Consul had evidence of them. But having regard to the view I take of the case, it is immaterial whether he had or had not such proof . . . Unless the General Port Regulations of the 1st April 1877 provide an authorised penalty for the act of which Thomas is convicted, his conviction must, in my opinion, be quashed. Then assuming that the General Regulations, of which sub-sections 3 and 4 form part, are subject to the provisions of sections 19 and 20 of the General Port Regulations of the 1st April 1877 I am also of opinion that the penalties prescribed by these Regulations fail of effect altogether, and that Regulation 20 is unauthorised by reason of the penalties thereby prescribed being in excess of the penalties authorised by section 86 of the China and Japan Order in Council 1865. The conviction of Thomas by the Consul must, therefore, be quashed."—The sentence against the other appellant was quashed on the same ground.* In other words an individual is convicted in a Provincial Court of an offence under certain regulations made subsequent to the date of the Order in Council and approved by the British Government, and this conviction is quashed upon appeal by the Supreme Court on the ground that penalties prescribed in the subsequent regulations made under one of the clauses of the Order of Council clash with the penalties prescribed in that Order. It would therefore seem that in the opinion of the Chief Justice the Order in Council is superior to and invalidates any regulations drawn up subsequently under clause 85, even though approved by Her Majesty, if they are in any

* N.C.H. and S.C. and C. Gazette of 24th August 1880.

way inconsistent with the terms of the Order itself. Now, can the principle here laid down be applied to the Joint-investigation Rules, and can it be argued that because these rules establish a procedure different from that laid down in the Order in Council, therefore they are void and no action can be taken under them? I do not consider it is possible to maintain such a contention. These rules were drawn up with the specific object of establishing a procedure in certain cases different from that prescribed by the earlier Order in Council; they and consequently the procedure they established, received the approval of the British Government; and such being the case, it is surely the later instrument which must be held to modify or repeal the earlier, rather than to hold the later instrument void and of no effect because it is inconsistent with the earlier. It is this very inconsistency which was the cause of its existence: had there been no reason for a change the previous regulations would have been amply sufficient; it was because they left something to be desired that it became necessary to introduce an amended system. To argue therefore that because the system subsequently established clashes with that previously in force, therefore it is null and void, would be to ignore the very object of the change. The system must therefore, in my opinion, be looked upon as approved and established by the British Government and such approval and sanction alone would surely carry with them the investiture of the authority necessary to put the system in operation. It is difficult to conceive that the British Government would instruct the Consul to hold a certain court and then deny him the authority to compel the attendance of the defendant or the witnesses and to enforce the decision arrived at. Had these Rules not been approved by the British Government, Mr. Medhurst's contention would be intelligible; but having been approved, the position seems quite untenable.

As however I can find no proof that the Rules as laid down in your Circular No. 19 of 1868 have been approved by Her Majesty, it is probably necessary that in the case of British subjects, action be taken under the original four rules, and not under the eight rules transmitted in that Circular.

Moreover to insist that when a British subject is charged with an infraction of a treaty stipulation or sanctioned regulation, the Chinese official must appear as prosecutor in the Supreme Court, appears to me to be contrary, if not to International Law, at least to International comity. As already stated it is a recognised principle of International Law that the jurisdiction, civil and criminal, of an independent sovereign within his own dominions is

supreme except so far as he has given authority by treaty or otherwise to a foreign sovereign to establish Municipal Court within them, and that the jurisdiction of such Court is limited by the terms of the authority so conveyed. Now, in the preamble to the China and Japan Order in Council of 1865, it is stated that "Her Majesty has had and now has power and jurisdiction in the dominions of the Emperor of China," but no definition is given of what this power and jurisdiction is, or to what extent it is exercised. As, however, this Order in Council was issued subsequent to the signature of the Treaty of Tientsin of 1858, the jurisdiction so claimed must be held to have been conveyed and to have been limited by the clauses of that treaty. In it there are two clauses relating to the matter of jurisdiction, namely the 15th and 16th. These are as follows:—

"Art. XV.—All questions in regard to rights, whether of property or person, arising between British subjects, shall be subject to the jurisdiction of the British Authorities."

"Art. XVI.—Chinese subjects who may be guilty of any criminal act towards British subjects shall be arrested and punished by the Chinese authorities, according to the laws of China.

"British subjects who may commit any crime in China, shall be tried and punished by the Consul, or other public functionary authorised thereto, according to the laws of Great Britain.

"Justice shall be equitably and impartially administered on both sides."

In these clauses there is nothing in my opinion which justifies the claim preferred, and the contention that the Chinese Government should prosecute in the Supreme Court is opposed to the opinion of the late Chief Judge, Sir Edmund Hornby, K.C., dated 19th October 1865, as expressed in his judgment in the suit brought against Messrs. Holtz and Reynolds for unlawfully filling in a portion of the Whangpoo River (*v* Shanghai's despatch No. 71 of 1865). Sir Edmund Hornby said "I pass now to the second objection (that it was a great hardship on the Defendants that H.B. Majesty's Consulate should, on the invitation of the local authorities be a party to such a prosecution) and confess my surprise that it has been made, since were it to be allowed to prevail, the result would be either that the Government of China would be without redress in cases in which British subjects would be wrongdoers, or the Emperor would be bound to appear as a suitor in a Foreign Court on his own soil. Now to my mind it is perfectly clear that H.M.

in obtaining by treaty from the Emperor of China the right to retain on Chinese soil an exclusive jurisdiction over her own subjects has impliedly undertaken that she will compel Her subjects to respect the laws of China, as well as the laws of their own country, and by such a procedure also as will not subject the sovereign power to the indignity of appearing on its own soil in the character of a suitor in a Foreign Court to compel the respect due to such laws. I think it must be held by those who are bound to carry out the conditions, both express and to be implied, under which the exclusive jurisdiction I have referred to, was granted, that Her Majesty has undertaken upon due complaint to Her Consular Officers to enquire into, and when found reasonable and just, to remedy any evils and wrongs as complained of." It may be added that it was upon the advice of the Chief Judge, that the Consul instituted, the suit in question, as "Regina upon information received."

In conclusion, therefore, I would venture to suggest the advisability of obtaining from Her Britannic Majesty's Minister an authoritative statement that British Consuls are in duty bound to give effect to these Rules, or at least to the four original rules, if the later ones have not been approved by Her Majesty, and also to ensure compliance with the decision given under them; or that they are bound to institute on behalf of the local authorities a suit in the Supreme Court or a Provincial Court, as the case may be, against the person charged with infraction of a treaty stipulation to enforce the decision of the Court or the maximum penalty laid down by the treaty.

I have etc.,

(signed) JAMES H. HART,

Commissioner of Customs.

To

ROBERT HART, Esquire,
Inspector General of Customs,
PEKING.

**Shanghai Customs: Returns of Collection and Expenditure from
July 1854 to 30th September 1860.**

CUSTOM HOUSE,

I.G. 307
1881

SHANGHAI, 16th December 1881.

SIR,

In accordance with the instructions contained in your despatch No. 1540 of the 25th October 1880, calling for:—

Returns of Collection, Expenditure, and Confiscation—
from opening of office till September 1860:

I have now the honour to enclose, in English and Chinese, the Returns called for—completed as far as it has been found possible from the existing records of this office.

In the Returns of Office Expenditure a blank will be noticed for the period—1st December 1854 @ 31st May 1855: and in the Return of Duty Collection there are two blank periods, i.e. 1st July 1856 @ 31st December 1856 and 1st July 1859 @ 31st December 1859.

It is to be regretted that every effort to obtain the necessary details for the compilation of a continuous set of Returns has been unsuccessful.

Sending
Returns of
Collection,
Expendi-
ture and
Confisca-
tion—from
opening of
Office till
September
1860.

10 En-
closures
N.C. The
Chi. encl.
(2) filed in
the Writers
Office.

5 En-
closures.

5 En-
closures.

I have, etc.,

(signed) JAMES H. HART,

Commissioner of Customs.

To

ROBERT HART, Esquire,
Inspector General of Customs,
PEKING.

B.—Return of the Sums Expended in the collection of Maritime Revenue at the Port of Shanghai for July, August, September, October and November 1854, as shewn by Cash Book.

Hien Fung 4 y. 6 m. 7 d.—Hien Fung 4 y. 10 m. 11 d.

	DOLLARS.
a. 1. Salaries of 3 Foreign Inspectors and 1 Secretary, July, 1854 ..	1,041 93
3. " Chinese Linguist	30 64
5. Wages of Coolies, July, August, September, October, and November, 1854	27 97
6. Office Expenditure, July, August, September, October, and November, 1854	548 3
7. Miscellaneous (Rev. Cruizer), July, August, September, October, and November, 1854	485 33
9. Rent of Buildings, July, August, September, October, and November, 1854	149 17
10. Extraordinary Expenditure, July, August, September, October, and November, 1854	10 00
c. Confiscation Fund:	
1. Proceeds of Goods confiscated, July, 1854	695 00
4. Gratuities	378 00
5. Sums expended in purchase of Sundries, July, 1854	95 00
6. Sum handed to Government Bank	122 00
1 Dec. 1854—Hien Fung 4 y. 10 m. 12 d.	

31 May 1855—Hien Fung 5 y. 4 m. 16 d.

Note.—From 1st December 1854 to 31st May 1855. No archives available.

B.—Return of the Sums Expended in the collection of Maritime Revenue at the Port of Shanghai from 1st June 1855 to 31st December 1858.

Hien Fung 5 y. 4 m. 17 d.—8 y. 11 m. 27 d.

	TAELS.
a. 1. Salaries of Commissioners and Assistants	82,400 00
2. " " Foreign Tidewaiters	9,720 00
3. " " Chinese Linguists	8,640 00
4. " " Shupans and Writers	1,909 00
5. Wages of Boatmen, Office Boys, Coolies, etc.	7,963 23
6. Office Expenditure, Stationery, etc.	9,752 79
7. Miscellaneous Expenditure, Guard Boats, etc.	21,508 08
9. Rent of Buildings or Chops	20 00
10. Extraordinary Expenditure	22,613 32
b. Sum expended in the transaction of Customs' business in Yamēn and inner office of the Superintendent of Customs .....	... ..
c. Confiscation Fund:	
1. Proceeds of Goods confiscated	9,868 60
2. Fines, amount of	1,798 00
3. Sums paid to Spies .....	.. ..
4. Gratuities	5,319 82
5. Sums expended on the purchase of Sundries	146 80
6. Sum handed to Superintendent of Customs (a. how expended by him)	5,897 14

Return of the Sums Expended in the collection of Maritime Revenue at the Port of Shanghai from 1st January 1859 to 30th April 1860.

Hien Fung 8 y. 11 m. 28 d.—10 y. 3 intercal m. 10 d.

	TAELS.
a. 1. Salaries of Commissioners and Assistants	61,962 08
2. " " Foreign Tidewaiters.....	19,574 19
3. " " Chinese Linguists	5,490 00
4. " " Shupans and Writers	2,707 00
5. Wages of Boatmen, Office Boys, Coolies, etc.	4,622 45
6. Office Expenditure, Stationery, etc.	13,692 14
7. Miscellaneous Expenditure, Guard Boats, etc.	3,843 99
9. Rent of Buildings or Chops	3,276 23
10. Extraordinary Expenditure	15,606 19
b. Sum expended in the transaction of Customs business in the Yamén and inner office of the Superintendent of Customs .....	.. .
c. Confiscation Fund:	
1. Proceeds of Goods confiscated	1,694 25
2. Fines, amount of	1,102 50
3. Sum paid to Spies	818 60
4. Gratuities	2,706 50
5. Sum expended in the purchase of Sundries .....	.. ..
6. Sum handed to Superintendent of Customs (a. how expended by him)	53 50

Confiscation Fund: Receipts and Payments not included in above:

	<i>Tls.</i>	00
Fines on Staff	20	00
License Ningpo Boats.....	..	1,802 60
Paid to Superintendent.....	..	400 00

Return of the Sums Expended in the collection of Maritime Revenue at the Port of Shanghai from 1st May to 30th September 1860.

Hien Fung 10 y. 3 m. 11 d.—10 y. 8 m. 16 d.

	S'HAI TAELS.
a. 1. Salaries of Commissioners and Assistants	36,376 29
2. " " Foreign Tidewaiters	7,710 56
3. " " Chinese Linguists	1,931 40
4. " " Shupans and Writers	1,232 15
5. Wages of Boatmen, Office Boys, Coolies, etc.	1,506 40
6. Office Expenditure, Stationery, etc.	2,681 04
7. Miscellaneous Expenditure, Guard Boats, etc.	444 26
9. Rent of Buildings or Chops	2,066 76
10. Extraordinary Expenditure	5,212 19
b. Sum expended in the transaction of Customs business in the Yamén and inner office of the Superintendent of Customs . . . . .	.. ..
c. Confiscation Fund:	
1. Proceeds of Goods confiscated	3,873 09
2. Fines, amount of	2,338 27
3. Sum paid to Spies . . . . .	.. ..
4. Gratuities	1,096 00
5. Sum expended in the purchase of Sundries . . . . .	.. ..
6. Sum handed to Superintendent of Customs (a. how expended by him)	3,394 32

Confiscation Fund: Receipts and Payments not included in above:

Fines on Staff	<i>Tls</i>	30 00
License Ningpo Boats	"	845 60
Hire of Customs Ningpo Boat	"	51 57

Return of Duties Collected at the Port of Shanghai from the
20th July 1854 to the 30th June 1856.

Hien Fung 4 y. 6 m. 26.—Hien Fung 6 y. 5 m. 28 d.

	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>
480 British Vessels Total Tonnage Tons 147,993				
" Import Duties	267,788	7	8	8
" Export " 	2,050,434	0	8	7
" Tonnage Dues	60,865	7	1	2
143 American Vessels Total Tonnage Tons 89,103				
" Import Duties	45,046	8	5	4
" Export " 	1,274,879	8	2	5
" Tonnage Dues	39,541	2	1	0
6 French Vessels Total Tonnage Tons 1,748				
" Import Duties	1,515	6	0	9
" Export " 	23,124	0	7	8
" Tonnage Dues	862	9	2	5
Russian Vessels Total Tonnage Tons				
" Import Duties	<i>Nil.</i>			
" Export " 				
" Tonnage Dues				
169 Sundry Vessels Total Tonnage Tons 44,057				
" Import Duties	44,263	1	8	0
" Export " 	229,624	2	9	8
" Tonnage Dues	17,673	4	1	0
Total Import Duties	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	
" Export "	358,614	4	3	1
" Tonnage Dues	3,578,062	2	8	8
	118,943	2	5	7
Grand Total <i>Hk.Tls.</i>	4,055,619	9	7	6
Duties collected on Merchandise laden in Chinese bottoms .	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	
Transit Dues Inwards	<i>Nil.</i>			
" " Outwards				

Return of Duties Collected at the Port of Shanghai from the
1st July 1856 to the 31st December 1856.

Hien Fung 6 y. 5 m. 29 d.—Hien Fung 6 y. 12 m. 5 d.

	Hk.Tls.	m.	c.	c.
British Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
American Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
French Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Russian Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Sundry Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Total Import Duties	Hk.Tls.	m.	c.	c.
" Export "	Nil.			
" Tonnage Dues				
Grand Total Hk.Tls.				
Duties collected on Merchandise laden in Chinese bottoms	Hk.Tls.	m.	c.	c.
Transit Dues Inwards				
" " Outwards				

Return of Duties Collected at the Port of Shanghai from the
1st January 1857 to the 31st December 1858.

Hien Fung 6 y. 12 m. 6 d.—Hien Fung 8 y. 11 m. 27 d.

	<i>Hk. Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																
653 British Vessels Total Tonnage Tons 227,186																				
" Import Duties	776,471	5	1	2																
" Export "	2,079,186	3	2	0																
" Tonnage Dues	85,103	9	5	0																
161 American Vessels Total Tonnage Tons 146,821																				
" Import Duties	165,734	8	1	3																
" Export "	1,243,105	4	8	0																
" Tonnage Dues	52,742	0	5	0																
125 French Vessels Total Tonnage Tons 11,580																				
" Import Duties	4,856	0	5	0																
" Export "	18,356	2	9	5																
" Tonnage Dues	2,191	2	5	0																
4 Russian Vessels Total Tonnage Tons 2,089																				
" Import Duties	83	5	8	0																
" Export "	1,223	4	7	5																
" Tonnage Dues	598	0	0	0																
526 Sundry Vessels Total Tonnage Tons 101,039																				
" Import Duties	131,367	2	9	2																
" Export "	98,585	1	3	3																
" Tonnage Dues	27,109	7	0	0																
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th><i>Hk. Tls.</i></th> <th><i>m.</i></th> <th><i>c.</i></th> <th><i>c.</i></th> </tr> <tr> <td>1,078,513</td> <td>2</td> <td>4</td> <td>7</td> </tr> <tr> <td>3,440,456</td> <td>7</td> <td>0</td> <td>3</td> </tr> <tr> <td>167,744</td> <td>9</td> <td>5</td> <td>0</td> </tr> </table>					<i>Hk. Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>	1,078,513	2	4	7	3,440,456	7	0	3	167,744	9	5	0
<i>Hk. Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																	
1,078,513	2	4	7																	
3,440,456	7	0	3																	
167,744	9	5	0																	
Grand Total <i>Hk. Tls.</i>																				
	4,686,714	9	0	0																
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th><i>Hk. Tls.</i></th> <th><i>m.</i></th> <th><i>c.</i></th> <th><i>c.</i></th> </tr> <tr> <td><i>Nil.</i></td> <td></td> <td></td> <td></td> </tr> </table>					<i>Hk. Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>	<i>Nil.</i>											
<i>Hk. Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																	
<i>Nil.</i>																				
Duties collected on Merchandise laden in Chinese bottoms																				
Transit Dues Inwards																				
" " Outwards																				

Return of Duties Collected at the Port of Shanghai from the
1st January 1859 to 30th June 1859.

Hien Fung 8 y. 11 m. 28 d.— 9 y. 6 m. 1 d.

Return of Duties Collected at the Port of Shanghai from the
1st July 1859 to the 31st December 1859.

Hien Fung 9 y. 6 m. 2 d.—9 y. 12 m. 8 d.

	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>
British Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
American Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
French Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Russian Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Sundry Vessels Total Tonnage Tons				
" Import Duties				
" Export "				
" Tonnage Dues				
Total Import Duties	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>
" Export "	"			
" Tonnage Dues	"			
Grand Total <i>Hk.Tls.</i>	<i>Nil.</i>			
Duties collected on Merchandise laden in Chinese bottoms .	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>
Transit Dues Inwards	"			
" " Outwards	"			

Return of Duties Collected at the Port of Shanghai from the 1st January 1860 to the 30th September 1860.

Hien Fung 9 y. 12 m. 9 d.—10 y. 8 m. 16 d.

	<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																
314 British Vessels	Total Tonnage	Tons 98,245																		
"	Import Duties	398,377	5	2																
"	Export "	599,845	3	7																
"	Tonnage Dues	31,053	5	9																
172 American Vessels.....	Total Tonnage	Tons 62,272																		
"	Import Duties	75,001	6	9																
"	Export "	121,582	1	7																
"	Tonnage Dues	16,764	7	0																
10 French Vessels	Total Tonnage	Tons 4,948																		
"	Import Duties	8	9	2																
"	Export "	1,207	5	2																
"	Tonnage Dues	454	6	0																
6 Russian Vessels	Total Tonnage	Tons 2,865																		
"	Import Duties	2,268	4	3																
"	Export "	4,298	7	5																
"	Tonnage Dues	648	0	0																
109 Sundry Vessels	Total Tonnage	Tons 31,799																		
"	Import Duties	34,871	8	4																
"	Export "	28,198	9	8																
"	Tonnage Dues	8,321	7	6																
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th><i>Hk.Tls.</i></th> <th><i>m.</i></th> <th><i>c.</i></th> <th><i>c.</i></th> </tr> <tr> <td>510,528</td> <td>4</td> <td>1</td> <td>5</td> </tr> <tr> <td>755,132</td> <td>7</td> <td>7</td> <td>9</td> </tr> <tr> <td>57,242</td> <td>6</td> <td>5</td> <td>7</td> </tr> </table>					<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>	510,528	4	1	5	755,132	7	7	9	57,242	6	5	7
<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																	
510,528	4	1	5																	
755,132	7	7	9																	
57,242	6	5	7																	
Grand Total.... <i>Hk.Tls.</i>																				
	1,322,903	8	5	1																
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th><i>Hk.Tls.</i></th> <th><i>m.</i></th> <th><i>c.</i></th> <th><i>c.</i></th> </tr> <tr> <td>6,003</td> <td>9</td> <td>5</td> <td>6</td> </tr> <tr> <td><i>Nil.</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>"</td> <td></td> <td></td> <td></td> </tr> </table>					<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>	6,003	9	5	6	<i>Nil.</i>				"			
<i>Hk.Tls.</i>	<i>m.</i>	<i>c.</i>	<i>c.</i>																	
6,003	9	5	6																	
<i>Nil.</i>																				
"																				
Duties collected on Merchandise laden in Chinese bottoms																				
Transit Dues Inwards																				
" " Outwards																				

(signed) JAMES H. HART,

Commissioner of Customs.

SHANGHAI CUSTOMS,

16th December 1881.

Memorandum on the Existing Necessity for Increase in the
Revenue of China, and the Measures to be adopted
in order to obtain such Increase.*

BY

I. M. DAAE, Commissioner of Customs.

CHINA TO ADOPT ADEQUATE MEANS OF DEFENCE.

The difficult crisis through which China is passing has convinced me that adequate means must be adopted, without loss of time, in order to secure the interests of the Empire in such a manner that it shall not be at the mercy of its enemies, and that attempts at encroachment on her territory may not be made.

At present China is endeavouring to measure strength with an adversary who has at his command, and is able to use, the advantages which science and modern inventions can bring to his aid, while China herself has not sufficiently adopted all the improved methods and appliances which tend to make other nations comparatively strong.

The position of China is therefore one of grave concern to everyone who has her interest at heart, and it is not difficult to conceive how great is the existing necessity for thorough reform in the organisation of her army and navy and of her defences generally.

ARMY.

It is so that initiatory steps have been taken to partially arm with modern weapons and, to a certain extent, drill the army; but what has been done so far, it will easily be conceded without further proofs, is quite unavailing, and falls therefore far short of present requirements. Moreover, what has been done must be said to have been somewhat wanting in method; it is not only the case that insufficient arms have been bought, but, if assertions made by experts are to be believed, arms of inferior quality and of many different kinds have been at times obtained.

* This Memorandum was written at the time of the Franco-Chinese War of 1884. It is given here as an illustration of the advisory part played by Commissioners in matters not directly connected with the Customs.

It is a principle generally recognised by all States that have obtained experience in modern warfare that it is a matter of the utmost importance that weapons of unexceptional quality and uniform pattern should be procured in sufficient numbers to enable each individual soldier to be supplied with the weapon, in order that all who have passed through their drill may know how to use and handle it properly from whatever part of the Empire they come or in whatever part of the Empire the weapons are served out to them. And not only must the individual soldier know how to use and handle his weapon at once, when necessity arises, but he must know his drill and tactical movements, and be able to act with readiness and precision as a unit of a large body. To do all this efficiently, however, the soldier must be instructed and exercised for a considerable time; and to instruct and exercise the soldiers properly, and to lead them on in time of war, a sufficient staff of intelligent and educated officers is requisite—not a few here and there, but two or three to every company, and a never-failing supply of cadets or recruits must be at hand to fill vacancies as they occur among the officers and men. Only then will the land forces be efficient and be able to protect the interests of the Empire, when the soldiers are properly led, properly drilled, and properly equipped, housed, maintained, and cared for. But in order to arrive at this desired end a large expenditure is needed, and before such expenditure is incurred, means must be at hand with which to meet it.

NAVY.

As regards the navy, considerable progress may be said to have been made. China at present possesses some excellent ships, well armed, but their number is as yet far from adequate. Many vessels must still be added, so that China can really be a match in her own seas for the combined fleets with which any two countries at one time might attack her; and new ships must constantly be added to take the place of those that have become antiquated and useless. To keep such a large number of modern vessels in an efficient state many thousands of properly drilled soldiers must be enlisted, and the supply of recruits secured; many hundreds of reliable officers must be at hand to command and take subordinate positions on board the vessels and drill the men, and a never-ceasing supply of young educated officers to fill vacancies must always be forthcoming. But to procure efficiently armed vessels, equip and drill the necessary number of sailors, and maintain a sufficient staff of educated officers, will likewise necessitate a great expenditure, to meet which it will also be necessary to provide adequate means.

FORTIFIED HARBOURS, DOCKYARDS, ARSENALS, AND FRONTIER FORTRESSES TO BE CONSTRUCTED.

Fortified harbours, dockyards, and arsenals to supplement the naval forces, and powerful fortresses on exposed frontiers, will have to be constructed without loss of time, in order that in case of need there may be places of refuge for the fleets, and places where ships can be built, their armaments manufactured and repairs effected, and that the armies may have strongholds on which they can fall back when hard pressed, or which an advancing enemy will be obliged to reduce or invest before he can proceed onwards into the interior of China. A few fortified harbours and arsenal dockyards certainly exist at present at well-selected points, and must thus be considered steps in the right direction; but the existing establishments fall far short of present exigencies, and will undoubtedly, on careful inspection, be found to be capable of considerable improvements. Frontier fortresses constructed on modern engineering principles have still to be built, and unless constructed on such principles they will not be of much avail against a Foreign foe. And here, again, in the construction of fortified harbours, dockyards, arsenals, and frontier fortresses, still further heavy disbursements become necessary.

MODE OF EFFECTING NECESSARY REFORMS.

It will thus be seen that the Government in the nearest future has before it gigantic tasks, in order to complete the defences in such a manner as to insure the integrity of the territory and the security of the inhabitants over whom it holds sway. How the necessary reforms and improvements, if decided upon, are to be carried out in the respective departments named—military and naval—should be carefully considered by committees imperially appointed, on which must sit energetic and enlightened officials who are thoroughly acquainted with the condition of China, in company with well-known, reliable men, who are fully versed in the latest and most perfect methods of their respective departments. When the committees have ended their deliberations, the results should be embodied in joint reports to the Government, who, after sanctioning the adoption of the measures proposed, ought, it is suggested, to take an energetic lead in the reorganising labours and carry them through unflinchingly with a strong will, so that all may see that it is not only an official here and there who is trying to carry out changes which he personally deems beneficial, but that the improvements contemplated have received Imperial sanction, and are to be applied and put in force generally all over the country.

PART OF LABOUR TO BE PERFORMED YEARLY SHOULD BE
MARKED OUT.

After having obtained a clear insight into the defensive policy which the requirements of the times call for, the Government would probably deem it advisable to mark out for itself such part of the labour which ought to be performed yearly—say, for the next 10 or 15 years. The Government having once portioned out to itself the labour before it, the stipulated yearly task should on no account be allowed to remain uncompleted at the end of the year. Strict watch by frequent reliable inspection should be kept to see that all work is properly performed and is up to date.

INCREASED EXPENDITURE CAUSED BY IMPROVEMENTS, WHENCE
TO BE OBTAINED ?

Having so far dwelt on the improvements that it is advised must be adopted and the reforms which it seems necessary to undertake, and knowing fully that the adoption of such improvements will cause considerably increased expenditure, which is all unproductive, and ought therefore, in accordance with a sound system of finance, to be defrayed from the yearly Revenue, it is a natural question to ask whence shall the means be obtained to meet this increased expenditure. Will it be possible to effect sufficient savings in already existing expenditure ? or will the receipts from the present sources of Revenue, in the near future, be likely spontaneously to expand to such extent as to cover the increased expenditure ?

Savings could be effected by Stoppage of Needless Expenditure.—It is not impossible that from the present Revenue receipts certain amounts might be found available for the new expenses to be incurred. I deem it highly probable that on careful examination it would be found that large savings could be made by the gradual stoppage of expenditure on antiquated methods, the continuance of which can bring no benefit to the State. I would not advise abrupt or inconsiderate changes; all, especially old army and navy expenditure, it is proposed, should be thoroughly examined, and what is found to be of practical use should be left undisturbed. But all that could be shown to be no longer useful and in accordance with present requirements should unhesitatingly be swept away, and the funds thus set free be employed to meet the expenses incurred by the adoption of modern methods and modern appliances.

Only slight Expansion of present Revenue can be expected under present Circumstances.—As regards the spontaneous expansion of receipts from present Revenue sources, my firm belief is (and this

view may be said to be based on the experience of centuries) that under present circumstances only a few of them are capable of any, and that but a comparatively slight, growth; and to further convince one of the correctness of this statement, one need only refer to the reports which are from time to time sent up to the Throne from the provincial governments, showing that the provincial revenues are unable to bear any further strain of extra calls upon them.

Under altered Circumstances greater Expansion possible.—Under altered circumstances, however, several at least of the present taxes would undoubtedly be capable of considerable expansion. What present expanded taxes would not yield would then have to be made up by additions to present levies or by new levies.

CAUSES OF INCREASED REVENUE, INDIRECT AND DIRECT.

The causes which would thus operate to increase the yearly Revenue—viz., altered circumstances, additions to existing and imposition of new levies—may fitly be divided into indirect and direct.

INDIRECT CAUSES.

Among the indirect causes of increased Revenue the most prominent would be improved communications in the interior of the country and permission granted to the people to benefit to the fullest extent by the natural riches which at present, for the most part, lie dormant.

IMPROVED MEANS OF COMMUNICATION.

To all who have become acquainted with the effects of the working of improved means of communication in the interior of Western countries—such as railways and macadamised roads—it would be needless at this juncture to enlarge on this subject; but for the sake of those who have not had an opportunity of making the same observations, and of becoming equally convinced of their general utility, it may be well to dwell on the main effects which improved communications cause as far as development of existing Revenue is concerned.

Railways: their Effect on Development of existing Revenue.—The building of railways, especially in districts where no good water communication exists, will tend to lower in an extraordinary manner the cost of freight of goods that are now carried on the backs of

animals or in heavy carts over difficult roads at a very slow pace. The wear and tear to men, animals, and gear, and the long time spent on the road, must necessarily make such land carriage expensive, as a large amount of labour is employed in the conveyance of a comparatively small amount of goods, and as the interest on the cost of production, chargeable for the time passed between the departure of the goods from the producer and their delivery to the consumer (part of the cost of transport), runs on without intermission. Railways, on the other hand, will carry much larger quantities than the longest trains of pack-animals or carts would take with them, and what these latter would take more than 10 days to convey to the place of destination the railways would carry easily in a day. This reduced expense for freight would naturally diminish the cost of the articles carried. Thus, goods brought from the ports on the coast to the consuming districts in the interior would be laid down there at a lower cost than formerly; the cheapness would gradually but surely operate to stimulate consumption and lead to increased demand for the articles (having virtually advanced the wealth of the inhabitants), which, again, would give rise to increased production and greater importation of goods, and would consequently correspondingly increase the receipts of the Custom Houses at the ports and of the Likin Stations.

Goods produced in the interior would be similarly affected, and many such articles which have hitherto been unable to bear the heavy land carriage it would be found possible to forward to other markets, which would further lead to the increase of the receipts at the Likin Stations and Custom Houses, not to mention the tendency to increase the purchasing power for other goods of the producers of the articles—*i.e.*, advance their wealth and prosperity.

Roads.—The same arguments which have been used above, mainly with regard to the construction of railways, would similarly apply, only in a less degree, to good roads, which are generally constructed as branches from the railway trunk, and serve as feeders to same from districts situated on both its sides. It may here be well to mention that the improved communications above referred to have not in Western countries been found to cause injury to the formerly existing transport business conducted by the help only of men and animals. The reduced outlay for freight augments the amount of tradal transactions in a considerably larger ratio than the reduction of this cost, and, on account of the increase of goods to be transported, necessitates the employment of a probably larger amount of labour than formerly.

Effect of Improved Means of Communication on Value of Land.— Another important effect which railways and improved roads would carry with them would be to raise the value of land in the districts through which they would be made to pass, as the peasant inhabitants would by their assistance have been able to find better markets for their produce than heretofore, and obtain supplies of necessaries needed by them in a cheaper manner. With greater means at the disposal of the landed proprietors,—

- (a.) The present amounts of the Land Tax would be more readily forthcoming;
- (b.) Improvements on the land might in time be looked for, which would cause it to be classed in the assessment of the tax under a higher class, and thus lead to increase in the receipts of the Land Tax; and
- (c.) Land which it has been found unprofitable to cultivate under present circumstances, and which has been lying idle, it would then be possible to cultivate, on account of the greater facilities at hand for the carriage of the produce obtained, and being cultivated, such land, which at present is classed as waste, would become subject to assessment of tax, and thus also aid in increasing the receipts of the Land Tax.

The most apparent indirect effects on the Revenue by improved communications we have then found to be—

- (1°.) Increased receipts of Customs and Likin Duties, both inwards and outwards.
- (2°.) Increased receipts from the Land Tax.

PEOPLE TO BENEFIT BY NATURAL RICHES OF THE COUNTRY.

I shall now proceed to consider the second of the indirect causes of increased Revenue, viz., permission granted to the people to benefit to the fullest extent by the natural riches of the country.

Mines.—The working of gold, silver, copper, iron, coal, and other mines is already to some extent permitted in many provinces, and where the mines are chosen with judgment, so that they can be worked profitably, the net earnings will be an increase to the national capital or the purchasing power of the country, the effect of which will naturally show itself in augmented receipts from many of the indirect taxes, such as Customs and Likin Duties, Salt Tax, and others.

New and better Appliances should be adopted.—But the profits, if any, obtained from existing mines are often insignificant, owing to the antiquated methods adopted in their working, which no longer answer to the present progressive state of the mining industry. It would therefore be well to encourage the adoption of new and better appliances as soon as possible, and it is further suggested that able mining instructors be appointed to the more important districts, to advise the owners in the proper mode of working the mines. By these means the output will be increased many fold, and if the mines are worked rationally and with due regard to economy, the net profits will likewise increase and further enrich the people. Moreover, the greater output will advance the receipts of the produce tax which is assessed on the outturn of the mines, or the larger number of mines will cause increased receipts from the licence taxes which are levied either on the mines or on the miners employed.

System of Mining to be revised; Mining Law to be promulgated.—Furthermore, it would be well to have the whole system of mining at present in force thoroughly examined and revised with the assistance of reliable experts, and to have a new mining law promulgated, which will tend to place all mining concerns in China, as far as circumstances will permit, on a footing more in accord with similar establishments in other civilised countries. Proper provision should be made with regard to rights or claims obtained by the successful prospecting for ore, to commencing the workings, to the relations between the owner of the land and the proposed owner of the mines, to the measurement of mines, to the establishment of smelting-houses, to the superintendence of the working of mines, to the abandonment of already worked mines, and to the relations between the mine-owner and the workmen, etc. Only when this has been effected will a profitable and enduring mining industry be developed.

DIRECT CAUSES.

Having dealt with the main indirect causes of increased Revenue, I shall commence to consider the direct causes. As has been shown above, these consist of—

- (1°.) Direct additions to existing levies; and
- (2°.) Imposition of new levies.

ADDITIONS TO EXISTING LEVIES.

I now proceed to treat of direct additions to certain already existing levies, and in doing this I shall first examine the possibility of adding to the Land Tax and Tribute Grain.

Are Additions to the Land Tax and Tribute Grain possible?—To attempt to add to the rates of these taxes at present in force would likely, judging from the past, cause such discontent among the peasantry, who form the bulk of the population, that practically the undertaking would be sure to prove a failure, unless the Government were prepared to carry it through with an exceptionally strong hand; but seeing that difficulties would be likely to ensue, the measure ought only to be resorted to as a last resource, after all other means had failed. The most the Government could do in this matter would be to ascertain that in every district all land which is cultivated really pays the prescribed tax.

Waste Land Cultivation to be encouraged.—Further, it is known that large tracts of waste land are to be found in many parts of the Empire, and, as has already been proposed by Yü Ssü-i in his memorial of this year, certain encouragement and facilities might, with benefit to the State, be granted to people who are willing to become occupiers of such lands, in order that these latter might the sooner be brought under cultivation and eventually yield an addition to the already existing land revenue. Much, however, must not be expected from the occupation of waste lands before the internal communications are improved.

Land producing Poppy and Tobacco.—My remarks so far apply to ordinary grain-producing lands. But there is, as has also been referred to by Yü Ssü-i, land producing Poppy and Tobacco. Both these articles are essentially suitable objects for a heavy tax, especially the former, which must be considered very harmful when used in excess, but the growth and use of which it will be futile to attempt to suppress as long as the growth is found profitable and a numerous class of consumers exists who are determined to procure the article. But whether it would be prudent to alter the rate of Land Tax already fixed for such lands seems to me highly doubtful, as it would have to be changed whenever a change of crops took place, and would at times give occasion to evil-disposed persons to raise a general clamour that the Land Tax was being raised—a measure always highly unpopular with the majority of the peasantry.

Poppy-growing Land.—As regards Poppy-growing land, it would probably be found a matter easier to accomplish to grant licences, as is done in India, to the growers, against the payment of a fee, which would enable the District Magistrates, by inspection now and then of the crops, to maintain an effective control of the produce; and when this had been sufficiently prepared, the drug

might either then be disposed of by the growers to licensed wholesale dealers, or, what would ensure a more perfect Government control, the growers might be made to sell the drug to the Opium Associations (the establishment of which the writer has already proposed*), wherever such had been established for the retail sale of Opium, which Associations might pay an Excise Duty at the time of purchase. Measures would have to be adopted to prevent the evasion of the tax on Opium intended for the private consumption of the growers and their friends. Whatever mode of levying a higher Duty be decided on, it will be necessary, before fixing the amount leviable, to determine accurately the amount of tax the drug will be able to bear without being replaced by the Foreign article, the importation of which cannot be stopped under present Treaties.

Tobacco-producing Land.—A similar mode of procedure, compelling the licensed grower to dispose of the article to licensed merchants, might be adopted with regard to Tobacco, but also in the case of this article it would be necessary, before fixing the rate of the tax, to determine what additions to its producing cost price this commodity could bear without being driven out of the market by the Foreign Tobacco, which under present regulations can be imported into the open ports free of Duty and sent into the interior on the payment of a Transit Duty of $2\frac{1}{2}$ per cent.

Tax on Tea and Silk should not be increased.—To increase the tax levied on Tea and Silk would, I consider, be highly prejudicial to the industrial interests of the country, as it would tend to a decrease in the demand for these articles in Foreign countries, where the Chinese has already to compete with Japanese and Indian Tea, and the Chinese Silk with that of Japan, Italy, and France. Instead of increasing the tax on these articles, the culture and preparation of which form such important industries in the country, it would appear expedient on the part of the Government to induce the producers, by assiduous instruction principally, to endeavour to produce superior articles that would ensure to them their proper place in the Foreign markets, in spite of the steadily increasing competition to which they are exposed.

Salt Tax: will an Increase be possible?—Leaving out of consideration the Duties which are collected by the Custom Houses under the Inspectorate, as no addition can be made to them without the previous alteration of the Foreign Tariffs, I come to consider the next important source of Revenue, the Salt Tax. The question

* Memorandum on the Introduction into China of Associations for the Retail Sale of Opium and Wines.

has naturally presented itself to me: will not this tax bear an addition to the present rate without thereby giving rise to a decrease in the demand for the article or to increased smuggling? Seeing the necessities of the State, it seems to me that the matter deserves the most careful consideration, as the revenue arising from such addition would, owing to the universal demand for the article, be considerable, and would not be perceptibly felt by the final contributor. Yü Ssü-i, in his memorial, has advised that 2 cash per catty be added to the present price of Salt throughout all the provinces, and roughly estimates that the increase from this source of Revenue will amount to more than *Tls.* 10,000,000. The additional rate which he proposes to levy certainly does not seem excessive when the present requirements of the State are duly considered; but to impose it generally in all the Salt-producing districts without discrimination, and without any exceptions being made, might possibly not prove practicable: the varying circumstances of the different localities would have to be minutely weighed before a final decision could be arrived at as to whether the additional levy should be imposed in each locality or not, or whether it should be imposed at a slightly advanced or reduced rate.

The amount of increased revenue, however, which the above-named memorialist expects to obtain is far in excess of the amount which could actually be realised. The number of Salt licences supposed to be disposed of annually exceeds 8,000,000, covering upwards of 2,600,000,000 catties of Salt as the quantity annually consumed, and the additional levy, at the rate of 2 cash per catty, would thus amount to over 5,200,000,000 cash, or more than *Tls.* 3,250,000. This amount would be a very important addition to the Revenue of the State; and should it therefore be decided to make the additional charge, it will be well to consider the mode in which it ought to be imposed.

The revenue at present obtained from Salt is derived from three different sub-levies imposed on the article, viz.:—

- 1°. The Salt-furnace and Salt-well Tax.
- 2°. The Licence Tax, and the Salt Duties and the Farmed Tax (levied mostly in places where no licence Salt is sold).
- 3°. The Miscellaneous Salt Tax.

If it were decided to obtain, on an average, an extra 2 cash from every catty consumed, to which of the above sub-levies ought they to be added, so that as nearly as possible the full receipts from

the extra levy might be received, without extra evasion of the tax, or extra collection expenditure, or a decrease in the consumption of the article thereby being caused? It might at first sight appear desirable to divide the extra levy proportionately over the several levies imposed on Salt. If this were done, however, and a portion of the levy, for instance, were added to the Furnace Tax paid by the Salt workers, it is not unlikely that the measure might lead to discontent among them, and thus probably interfere with the manufacture of the Salt.

Besides, the fact of distributing the additional impost over the different sub-levies would be a more laborious method of assessment, calculation, and collection than if it were added to one only of the sub-levies imposed; it would therefore appear to be most expedient to add it to the principal sub-levy imposed on Salt, *i.e.*, the Licence Tax, and the Salt Duties and Farmed Tax, which are paid by the licensed Salt merchants or certain officials specially permitted to sell Salt. It would thus in no way interfere with the class of labourers engaged in the manufacture of the article, while the Salt merchants would recover the extra amount levied at the time when the Salt is eventually sold for consumption.

It may with reason be urged, as I have already hinted above, that an extra levy, such as described, distributed equally and generally over all districts, will not be feasible, and it is not my intention that this should be done. My idea is simply that an extra levy of 2 cash per catty, on an average, should be paid by the consumers. In deciding upon all details in connexion with the increased levy one would necessarily have to be guided to a great extent by circumstances and local peculiarities. In some districts it might not be found expedient to impose the extra levy at as high a rate as is proposed; in others, again, it might, without injustice and much inconvenience, be imposed at a higher rate than the average 2 cash; but the general rule to be followed should be to impose the extra levy as near as possible to the average rate as the condition of things would permit.

Judging from the experience of Western countries, where Salt at times has borne a far heavier burden than it does in China at the present time, with an equally great, if not a greater, consumption per head, it appears to me improbable that the consumption would materially decrease by the proposed addition. In France, for instance, the tax was in 1845 about *Tls.* 4 per 150 catties, and still the consumption was 16 lb. per head of the population. Taxed at this rate the Salt revenue of China would amount to nearly *Tls.* 70,000,000, while it virtually hardly reaches *Tls.* 8,000,000.

In this connexion I shall not omit to point out the comparatively low minimum price which is fixed for Salt from the Ch'ang-lu manufacturing districts, and the comparatively low, both minimum and maximum, price fixed for Fuhkien Salt, and to call attention to the fact that districts exist in which untaxed Salt is permitted to be sold. Moreover, it being the rule in some Salt-manufacturing districts to tax surplus licences at a reduced rate as compared with the principal licences, it should be carefully investigated whether a sufficient reason still exists for such reduction, and if the requirements of the State and circumstances generally no longer warrant the practice, it would be advisable to abandon it without loss of time.

Licence Tax on Spirit Stills.—The mode of levy of the Licence Tax imposed on spirit stills deserves the most careful examination, as from this source a considerable revenue ought to be obtained. It would appear advisable to assess it at a uniform and fixed rate, payable yearly, in accordance with the holding capacity of each still—say, up to 100 catties,—and increase the tax with the amount of the original rate for every additional 100 catties or fraction of 100 catties it is capable of holding. A still once licensed should receive an official impress, or have an official stamp attached to it. A suitable fine—say, treble the amount of Licence Duty—should be inflicted in cases where unlicensed stills have been used.

Tax on Transfers of Real Property ; Steps to be taken to prevent Evasion.—I shall next offer a few remarks on the levy imposed on transfers of real estate. It is the rule that on the transfer of all real property a registration fee has to be paid amounting to 3 per cent on the purchase money. The amount received under this head is at present quite insignificant. As, however, many transfers of real property must yearly take place in the different provinces, and as the prescribed amount of the tax is not excessively low, the question naturally presents itself: do illicit transfers frequently take place and the tax thus get evaded? A searching inquiry into this matter should be instituted in every district, and effectual steps taken to prevent any evasion of the tax. To ensure this end it is suggested that all title or transfer deeds should be written on paper already bearing the Government stamp and having specified upon it, in printed numbers, either the amount paid for same, viz., about 3 per cent of the purchase money in each case of a transfer, or the amount in round numbers nearest the purchase money. Should it then be found, after a certain date, that transfers have taken place without stamped paper having been made use of, a fine—say, equal to three times the original amount payable—could be inflicted; or if it were discovered that stamped paper of too low value had been

used, owing to a fraudulent amount of purchase money having been reported, a similar or heavier fine might be imposed. It should be incumbent on every official who discovers that either unstamped paper or paper of too low value has been employed, to report the fact at once for the information of the Provincial Treasurer; and should any official be found to have suppressed the knowledge he may have obtained of fraudulently used paper, he should be subject to a fine increasing in amount with each offence and eventually to loss of office.

A special Government office at the capital could be entrusted with, and be responsible for, the preparation of the paper and its sale to the different district officials. All possible safeguards would have to be taken so that no unauthorised imitation of the paper could take place. The above remarks would also be applicable to the tax levied on mortgage deeds.

IMPOSITION OF NEW LEVIES.

Having thus passed in review the more important of the existing levies from which augmented receipts could be obtained, it now remains to consider the second class of the direct causes of increased Revenue, viz., the imposition of new levies.

Of such I would propose—

- 1°. Licence Duties.
- 2°. Stamp Duties.

Licence Duties.—Of Licence Duties I suggest the levy of—

- (a.) Licence Duty on Opium and Tobacco;
- (b.) Trade Licence Duty;

Stamp Duties.—And of Stamp Duties the levy of—

- (a.) Stamp Duties on all Bills of Exchange, Cheques, and Bankers Notes.
- (b.) Stamp Duty on Receipts.

Licence Duty on Opium and Tobacco.—The Licence Duty on Opium and Tobacco has already been referred to under the Land Tax, and need not therefore be enlarged upon further here.

Trade Licence Duty.—Next I have named the Trade Licence Duty, as I expect the receipts from same to be greater than from any of the remaining proposed levies. It would nearly correspond

in its nature with the Shop Duty which is at present levied in Peking, except that my proposal is to divide all trading establishments into four classes, viz.:—

First class: subject to a yearly licence fee of *Tls.* 10;

Second class: subject to one of *Tls.* 5;

Third class: subject to one of *Tls.* 2.50;

Fourth class: to be exempted from any payment;

whilst the shops liable to the payment of the Shop Duty in Peking are only divided into three classes, viz.:—

First class: paying a licence fee of *Tls.* 5.

Second class: paying one of *Tls.* 2.50.

Third class: being exempted from payment.

Under the first class I suggest should be ranged all wholesale trading establishments; under the second class, the larger retail establishments; under the third class, retail establishments of the middle order; while the smallest retail shops should be exempted from the tax. Itinerant dealers and pedlars should belong to the third class.

All banks should be classed among wholesale establishments and pay a Licence Duty of *Tls.* 10, while cash and exchange shops should pay *Tls.* 5.

All Opium Associations, the establishment of which I have previously and separately proposed,* should likewise, if established, contribute *Tls.* 5 yearly for every retail shop opened by them.

I have purposely adopted this simple mode of assessment, of dividing the contributors into classes, as this will in practice be sufficiently fair, and make the tax fall on those subject to it with tolerably equal weight. To endeavour to arrive at more accurate knowledge of the profits of the different traders, and to assess the tax in proportion to such profits, would necessitate a vexatious and searching inquiry into the dealings of each establishment, and in practice be accompanied with so many difficulties that the method, if adopted, would soon have to be abandoned on account of its inexpediency. Moreover, the tax in itself is not a really heavy burden, and need cause no dissatisfaction among the traders, as the amount of the Duty will undoubtedly, by an insignificant addition here and there to the price of the article in which they deal, be obtained back by the contributors in the first instance from the consuming public.

* Memorandum on the Introduction into China of Associations for the Retail Sale of Opium and Wines.

Stamp Duties on Bills of Exchange, Cheques, Bankers Notes, and Receipts.—Stamp Duties on all Bills of Exchange (including Cheques) and Bankers Notes, and on all Receipts for sums of money amounting to or exceeding *Tls.* 5, or 5,000 cash, I would recommend should be levied.

The levy of a Stamp Duty on Bills of Exchange and Bankers Notes, if imposed at a limited and uniform scale of, say, 6 candareens for the former, and of 2 per cent on the latter, would not be perceptibly felt by the public, and would therefore not be likely to meet with any serious objection on its part. Cheques, when used, might be subject to a Stamp Duty of 2 candareens.

A uniform Stamp Duty of, say, 2 candareens on all Receipts for sums of or above *Tls.* 5, or 5,000 cash, would not either press heavily on the general public, by whom it would be finally paid, the poorer classes, whose transactions as a rule do not reach the limit of the dutiable amount, being virtually exempted from the payment.

It would unavoidably have to be compulsory on the traders to issue Receipts for all sums received on which Stamp Duty was made leviable, and evasion of the Duty would have to be punished by suitable fines.

Receipts from Stamp Duties will likely be considerable.—It is impossible to say what the yearly receipts of such Stamp Duties would amount to; but it is beyond doubt that in the course of years, with the gradual development of commercial relations and internal communications, and having in view the large population of China, the receipts would gradually form important items in the Revenue of the Empire.

New Levies can probably be uniformly applied.—That local peculiarities might necessitate a deviation from the general lines laid down above with regard to the imposition of new levies is not improbable; but as it has been found possible to apply most of the existing taxes almost uniformly to the whole country, I shall be justified in concluding that the same may be done with the new levies which I have proposed above.

Other Stamp Duties the future Levy of which may be kept in view.—Stamp Duties corresponding in their nature to the Registration or Stamped Paper Duty on the transfer of real property, referred to above, might, under certain circumstances, be imposed, with benefit to the State, on leases of real property; but as such Duties would for the most part fall on the peasantry tenants, who can now but ill afford to contribute further to the Treasury, I would not recommend

that such Duties be imposed at present. At some future time, when the means of internal communication have improved and caused the value of land to rise, and enabled the peasants to obtain better markets for their surplus produce, the matter might appropriately be taken into consideration.

Still other Stamp Duties exist in Western countries, the imposition of which might be kept in view for the future, when the financial requirements of the country would appear to make their levy expedient. At present, however, the condition of the people is not such that an attempt at their levy could be made without causing too great inconvenience or discontent.

Having so far cursorily dwelt upon the modes to effect, indirectly and directly, additions to the present Revenue, so as to ensure equilibrium between the income and the necessarily increasing expenditure of the Empire, I shall add a few remarks regarding arrangements of finance and estimates for public expenditure.

FINANCIAL ARRANGEMENTS.

The present system of arranging the finances provincially must be considered suitable to the exigencies of the Empire, as it admits of due weight being given to local peculiarities in deciding whether any deviation from the general rule regarding a tax leviable or a mode of levy is rendered necessary, and each province will then not only be interested in maintaining, as far as possible, an efficient civil administration, but also in seeing that the requisite means for maintaining administrative machinery are provided for. With energetic, resolute, and upright officials at the head of provincial affairs, this system will cause the provincial governments to offer the most careful consideration to the question of necessary or unimportant expenditure, and in the latter case to have the expenditure curtailed where possible.

But there are two branches of the administration which it is impossible, with any advantage to the country, to arrange provincially, viz., the army and navy. Although these may be recruited and located provincially, it is indispensable that they be ruled by their respective central heads, in order to ensure uniformity of administration and prompt and decisive action at the right time and in the right place. For this purpose it would always be necessary that each province should continue to contribute a fixed and sufficient sum annually for military and naval purposes from the provincial revenues, over and above what is actually required for the expenditure of the administration of the province.

ESTIMATES OF EXPENDITURE.

As regards estimates for public expenditure, it is of the utmost importance, for the purpose of proper control, that before such expenditure is allowed, reliable and detailed estimates of same should be made out and submitted for approval; but when once proposed expenditure, after due examination, has been admitted to be necessary, it is equally important, and in the interest of the country, that the estimate submitted for approval shall not, owing to mistaken notions of economy, be so far reduced as to prevent the objects for which the moneys are to be expended being the best of their kind. This rule is especially applicable to all army and navy expenditure.

Public Accounts.—And in order further to aid both the central and the provincial governments in exercising an efficient control over all incoming and outgoing moneys, the system of Government accounts might with advantage be made the object of a thorough examination.

CONCLUDING REMARKS.

The difficulties with which I see China has to contend, and the sincere interest I take in the prosperity of the Empire, have led me in the preceding pages to point out the pressing necessity which at present seems to exist for increased expenditure and, consequently, augmented Revenue to meet it. My suggestions are to some extent based on a detailed knowledge of China's existing Revenue system and on a lengthened experience of the conditions of the country, and I am therefore not without hope that they may be found to be both capable of achievement and beneficial in their results, if it be decided to act on them.

To carry the different measures proposed into effect will undoubtedly require decision and energy on the part of those who will be entrusted with their execution, but the task will beyond doubt be practicable, if taken in hand with determination, as the taxation of the country, even with the proposed additions, must still be considered very light.

Nor ought apprehension to be entertained that the more intelligent and well-to-do classes, who will be principally affected by the measures suggested, will unwillingly make the sacrifices required, when they are fully made to understand the advantages which the proposals will carry with them, viz., increased facilities of trade and greater strength and security of the Empire, which latter, again, means probable long-continued peaceful relations with other

countries and, consequently, a state of long-continued prosperity. A clear perception on the part of the contributors of the great objects thus to be gained by the additional, though comparatively light, burden imposed on them should, it is supposed, rouse their patriotic feelings and impel them on to second with all their might the realisation of the measures which they see the Government is leading on with energy and unswerving decision. If the measures are thus realised, the Imperial Treasury will obtain means with which to prepare against all eventualities; when efficient preparations have been made to meet all eventualities, the Empire will be powerful and its position secure; when the Empire is powerful and its position secure, peaceful relations with other Powers will endure; and when enduring peace reigns, the prosperity of the Empire will daily increase.

CUSTOM HOUSE,
CHEFOO, 31st October 1884.

籌增進款善策節略

謹將中國務宜加徵國課情形及如何設法方能增益節略開呈
鈞鑒

茲查中國時勢艱難應知務宜亟為設法萬勿耽延以保國家之大局勿致受敵人之制並可免佔踞邊疆之虞也

一現在中國量力禦敵而其敵者凡格物及新創妙法所授之益業已有而且精惟其奧妙使他國得有效之益中國尚不及設法得其大半故中國目下情形凡欲與中國有益者其心能不為之擔憂實在不難明晰現在水陸各軍並國家一切防禦之法務必更變方為妥洽

一陸兵中僅一二成給以新式軍械者並教其操演似熟幾分乃實有之事而所辦情形雖不細指其証尚可信其所需所為均屬不足且所製辦之法似屬欠當不但購辦之軍械不敷所用且若據精明軍械之人所云則辦來軍械內有次等者并其樣不一惟精熟新式之戰法各國無不知最要者係用上等軍器并其樣式均應一律其數亦應敷用以便各兵可得使操演慣熟者無論自何省招來或何地給領軍械均可適用且各兵凡有警報不但卽刻會使軍械而其操演應知熟習並步法整齊可在大隊中捷便聯絡一氣如是則兵勇務必時常敘習操練而時常敘練兵勇於臨陣時將其率領務須有通曉及曾學習之將領其數亦須敷用毋令東

一西一兼顧不及每哨須用二三員且以後可拔將領者或可充兵勇者其數務宜絡繹不絕以便缺而復補其兵若有善領者認真操練給領上等軍械給其妥當兵房居住善為養贍照應一切合宜如是則陸路之兵方能成就可保國家之大局但能若是然經費必鉅惟未舉辦必須先籌款項可抵費用也

一若論水師則較前業經精強中國現在已有幾隻極精捷之船所帶軍器砲位亦極靈巧惟其船數尚且不足須加師船多隻毋論那兩國結連同時來船攻擊中國沿海實有勁敵防禦不致有失且當時應預船隻以便頂補舊樣及朽爛之船但用若許新式成就之船須招募熟習操練水師萬千之數其可充水師者亦須絡繹收留可勝任水師官者必須數百員以便管帶船隻并補船上員弁之缺以及操練水師其藝童以後可擢水師官者亦應絡繹儲才惟能如此成就之戰艦並備齊一切操練水師給以薪水於水師官俾其員數敷用則一應經費較鉅亦宜預籌款項以抵費用也

一防禦海口應助水師船不足者並船廠機器廠及邊疆堅固之砲台諒須即刻建立以便沿海戰船若須躲避預有其處并有造船鑄砲及修理船砲之所以及陸路之兵應有妥固之處以防敵人追襲可以棲止設前攻之敵人至該處伊必攻破或圍住始能前進內地也其防禦海口及機器廠船廠中國業經在適用之地已有

幾處矣應行之路雖未行遠已略進幾步耳惟所設立之處酌度現在時勢其數尙不敷用若細爲詳查明知該處較現在猶能愈佳但邊疆之地尙未援新創精法築堅固之砲台若不照其精堅之法仿造則不能禦敵巨邦如此建立防禦海口船廠機器廠及邊疆砲台又需經費頗鉅矣

一按前所陳深悉不幾年間國家諒有緊要當急之務卽宜辦理以便備足一切防範庶可保護所轄地方不致其民被驚擾也若堅定更變益善各法或屬水師或屬陸路其若何辦理似應欽派敏捷深曉中國情形者並忠正通曉新創水陸戎機者會同詳查酌議各該水陸軍務俟所派之員商酌妥協卽將成見會同奏明若蒙俯准擬宜儘力舉辦更變益善各法而其銳氣始終不懈以示共見共聞不但或左或右有數員願辦各出心裁愈善之法實係欲辦其法已蒙御准係在天下均應一體照辦也

一旣已明悉現時必辦防守之政令國家若限以十年或十五年應每年將限辦畢之幾分訂明約想妥洽辦理旣將應辦之事限定分數其每年限定之分至年終時萬不應辦理不完理應時常妥爲嚴查各應辦之責任按期辦畢不准遺落

一旣論擬辦一切緊要改變善法並明知如照所擬辦理務須加增經費而此加增之出款因不得利息者按籌

款之善法應於每年額徵項下動支是以應問所須加增銀款係從何而籌可在現時經費內設法贖出耶抑現在賦稅將來可漸自加增庶足以抵多需之經費耶

一至現在賦稅之款欲在其項下設法贖出銀數以助新添經費或似能辦如詳爲稽查各項舊制內有於國家無益者所用之經費逐漸停止諒有成效據鄙意應衡情酌度不宜驟爲更張舊法各樣陸路水師向例所需經費擬爲詳察凡在其內查出尙可用者毋庸更改若有剔出無用於時勢不合之法則無須躊躇即行裁撤在此項所贖之銀款亦可相抵所設一切新法及新式軍需之用

一惟論現時賦稅漸自加增則敝見若仍按目下情形僅有幾項賦稅尙可略微加增此意乃係考究歷代之政蹟若再令人相信所言不謬卽指出常閩外省督撫所陳摺稿中皆載賦稅支絀實難再爲籌撥也

一但將其情勢改變則現在所有稅課內有數項實能自有起色其有起色之賦稅惟數尙不敷用而所短者應在現時賦稅加增或宜另外設徵新稅

一接以上所論俾國課加增之故有三一係改變情勢一係在現時賦稅加增一係另爲設徵新稅其故則能分枉道直道者凡致國課加增枉道之故其最要者係內地建造新式較爲通坦之道路兼准百姓全獲地內所藏者現在空放之利益若經通悉西國新式道路較爲通坦譬如建築鐵路及所致各益此處毋庸贅陳惟中

國尙有若干人本無其機會詳看始信新式通坦道路所致各樣裨益莫若刻下將其致國課如何漸爲加增各項細爲詳陳凡建造鐵路應專在無好水路地方起築較用牲口駛重車裝由崎嶇險路之緩慢轉運必致腳費頗爲減輕其人力牲口傢俱用久則當乏壞並路上所行時日則多皆致旱運用費甚鉅緣所運之物數少而所使運力大也且運來之貨應核自出產處至銷售處路上所用日期於成本應生利息乃運費之一分乃如川流不斷矣惟火輪車所載件數較大幫牲口車輛所運之數更爲多裝而牲口車輛盤運貨物應用十日方至銷場則用火輪車一日即可到矣此減省之腳費自必該貨落價是以自海口運至內地銷處該貨成本較前必能減輕其本既輕賣價自賤其價賤致用此貨之民其錢即可多餘必使漸爲多買而用貨者旣欲多買則出貨處必須多備廣爲運進海口乃通商口岸海關及內地釐卡所徵稅銀隨貨加增至內地所產之貨亦係均沾利益有多項貨物因旱運費鉅至今未能起運者亦可運往銷場以致內地釐金并各海關稅課多爲加徵而不言及致出此貨之民買別貨之力自能加增即使其資財漸裕矣

一查前所陳乃建鐵路一切所致益處若論建平鋪碎石常道亦應略爲援其所陳其常道係爲鐵路分枝由此將鐵路各傍邊之地所有出產運來此處似宜言及以上所論建造新式通坦道路一事於泰西昔年竟用人

力或牲畜之力轉運之賣買無礙何也其減出之腳費使貿易各事比腳費所減輕之制更顯增益使轉運之貨較多則約致所用工力比前更多

一其建造鐵路及碎石好道又有一層緊要之益係使建造道路所經過之各該州縣其田價可長也緣所住之農民因有通坦好道較前易於設法將土產銷售而其人所需器具及異處食物可獲較賤若此則農家之資比先充裕而其資若充於田賦之益有三一應完錢糧較現在易措一田地可致肥美而田既肥美卽編入上等之冊旣入上等之冊應徵之賦亦可加增一係現在無利益之荒田因其出產易運銷場即可耕種而其地旣能耕種自必漸至入冊亦能完納錢糧以致田賦多徵也其新式通坦道路致國課顯裕之處曾查有二一係俾各海關及釐卡所徵進出各款均能加增一係使徵田賦之數亦可增也

一現將致增國課第二枉道之故乃令民間獲其地內原藏利益俾其國課如何加增陳之凡開五金之礦係有數省內已准開辦若已開之礦先精選其地開辦除經費外曾有富餘則所贋出之資可助天下生民之商本加增旣天下生民之商本加增則其採買之力較充其採買之力較充則各項稅務卽如關稅釐金鹽課均致增裕但現在所開之礦因用昔法開挖不抵斯時礦作日進之善其利甚微是以擬陳速用新巧傢俱開挖并

擬於最緊要開礦之地現派礦師指視以示礦主如何開挖爲要如是則礦石必能日進倍增若辦法合宜又細核省出經費其開挖淨利必須日漸增益致民殷富况所出礦石日進卽按礦石徵收之課必致多增且多開之礦或按礦徵課或按所用之人工徵收之課亦必加增也再現今開礦辦法須選精妥之人相助詳察改正又擬頒發開礦條例酌度中國情勢使其礦務與有王化之別國礦廠大半相符矣其條例內應詳細定明有在山中查出礦苗所得把握如何開起其山主與看苗者如何干涉如何丈量開礦地界如何設立鎔化之所如何督管礦務如何將昔開之礦棄置及礦商與開挖者如何干涉若是則礦務即可久遠而省出之利漸爲增長

一其加增國課枉道之故旣已論畢再詳查加增國課各項直道之故按前所言其直道之故分爲二類一係在現有之賦稅加抽一係設徵新稅刻下應於現在賦稅能否加抽詳陳而其中先須將田賦及漕糧能否加徵之處查明核辦詳考歷代以來足知加徵糧賦恐致大衆農民心難甘服蓋國家若不竭力辦理則致事無成效但欲辦果有難處相隨應先試以別項辦法至知其終無成效再舉加徵田賦漕糧之末議也國家在其田賦僅可辦理而不能越過者似應飭查各州縣所耕種之地實係照冊完納錢糧而已

一惟各省知有荒田之廣若按今春工部主事余思貽所奏條陳如有欲認開荒承種之民由官酌助子種於國亦有裨益可使該地卽爲開墾並到期納課致田賦益增但內地新式通坦好路未甚建造則於其民開荒一事不能望得大益矣

一按以上只陳常行出產糧草田地但亦有種罂粟之地或產烟葉者乃余主政業已陳明查此等出產卽行重徵其課甚爲合宜而其最要者乃係罂粟之土緣吸食過多致人受害若欲禁止種吸因種此能獲厚利且所吸衆人意在必得恐亦難有成效惟將其地照已定之賦加抽如此辦法恐未妥洽因每次改種出產亦必照所出改徵田地之則以啟強悍之民借端糾衆聲稱欲增田賦滋事緣加添錢糧之數多於農人不洽輿情若論種罂粟之田按印度之法官發承種執照而徵照課辦理較易如發執照則各州縣若隨時按畝查看即可核度收時所得成數俟鴉片成土易于消售時或由領引商人向地主買土卽完引稅或於設立零星出賣鴉片局之處該局如何設立曾經聲明飭該地主卽將土賣與該局由該局卽完稅項如是則官易於經管周密惟理當設法前務須詳查該土能擔稅銀若干不致洋土多來窒礙緣按現在條約本不能禁止洋土進口

一其鴉片之辦法飭領照之地主賣與領引之商人卽辦烟葉亦可援用惟於未定明每斤加抽之數務宜查核其烟於其種植一切成本外能擔幾何加增之稅不致洋烟運來窒礙因按現章洋烟已准運進通商口岸免徵其稅若自通商口岸再運內地只徵子口稅銀每百兩抽二兩五錢矣

一若論茶葉絲斤將其加抽鄙意料華人業此者之利源於其大有窒碍也何故中國茶葉在西國已與日本印度之茶爭賽而湖絲已與日意法三國之絲相賽若擬加抽致其成本增長則各西國購買此等貨物之數必須減少其種植及工作所出此二宗貨物乃華人至要營生似不應加抽擬由國家設法勸教業茶絲者令其試出較高之貨在泰西銷場雖已日進爭賽定能易售獲利也

一查各新關所徵稅銀於未曾更改現在稅則未能驟然加徵應毋庸議而國課中其次進項卽係鹽課至斯似應詳爲酌查鹽務能否加徵而不致民間所用之鹽減消或致走私偷漏者更覺多耶茲查現時國用甚繁理宜詳酌此款緣其物民間處處必須俾加抽之統數庶可集成巨款而推至完鹽課者不致覺累矣按余主政所陳擬將各省食鹽每斤加價二文約計每年可增課至千百萬兩其所擬每斤加價二文若照此時國需其數匪重在各產鹽之處若一律加徵而無區別恐難辦理似於未經定明各處或應一律加增或增數多寡不

一者必須詳酌各處情形方臻妥善但其所計增數於實在得數比之則溢多矣其各省每年所消之引約在八百餘萬按引核以斤數約在二百六十餘京係各省每年所消鹽數其每斤若加價二文則約得五百二十餘京文核三百二十五萬兩有奇其數於國課甚爲緊要加增之款若定明照此加徵亦應酌度其如何加徵之法查現在之鹽課分有分課三類一係竈課及井課一係引課及鹽稅包課一係雜課若定明於每斤均加二文試問所加徵之數應歸何項分課以致加徵銀兩可全歸於庫耶而不致多漏稅項或多添徵收之經費抑致民間所用漸少耶若將應加之數核度分別攤加在各分課之上始似最妥果照此辦設如將加增之一分歸在竈丁完納竈課之項其法恐致該丁不沾而於造鹽之事有礙也且加徵之課若分在各分課上其法於估課及算出之數並與徵收其課較爲費力故此在鹽課緊要之一類分課即鹽商或地方官完納之引課或稅課包課上加增似屬妥洽如是則無碍於做鹽之竈丁而鹽商及官多完之課銀可在消售時補償按前所題若欲將加徵之數在各州縣一體加增無異似乎棘手其語未必無理但鄙意亦弗願如此辦理只在核其鹽之大數而於每斤可加二文矣若未定明加價詳細辦法以先必須揆時度勢并各處情形庶免窒礙或有州縣不能按所擬之數似宜少加又有別州縣照所擬者似可多加諒無偏苛但其規模揣度情形將所擬加數二文作譜不差

上下爲要查泰西有國其曾經所徵之鹽課比中國日下所徵較重而該國之民每人每年所食之鹽數比華人每人所用者大概略多第以此爲證照所擬加徵尙不致令食鹽之數減少譬喻法國在道光二十五年間鹽課每百五十斤約抽銀四兩而每人每年所用至十六磅之數中國若仿其徵抽則鹽課每年可徵至七千萬兩而現在實徵之數約在八百萬兩左右至斯理應指出所訂長蘆之鹽其至賤之價似屬較輕及閩鹽極昂極低之價似均較輕且應提及有州縣之地准食無課之鹽又有出鹽之場其餘引之課比正引之課較輕似宜詳爲查明尙有輕徵之理否若查國需及時勢如此辦法究屬不便莫若卽將正引餘引二項之課一律徵收也

一 凡燒酒燒鍋之照課因由此應得之課數較大茲擬詳爲查看現時一切辦法也至徵此課似應照該鍋能裝之斤數徵收譬如以百斤爲定制均各定爲割一按年一律照辦若鍋已逾所定之制按已逾之每百斤或不至百斤之零數均應按百於定制課數之上加徵其已經領照之鍋應由官加以印戳刻記若查所用係未經領照者似應按原課之數加以三倍徵罰矣

一 其次應陳者乃房地易主契尾之稅按現在章程凡有房地易主應赴地方官報明入冊官發契尾按置價每百兩抽三兩之稅款項下每年所收之數甚微惟因每年房地易主各省多有而所完之銀亦不過輕試問有

無漏稅私換之弊耶似應由各州縣嚴查設法免致弊端欲願獲益擬將各項之契須在已經鈐用官印之照填寫而照上刊明或應完之銀數若干或所值之價數嗣後限期已過若查出換契無官印之新照者則應按原稅加三倍懲罰或查出所報置價不實取巧領價少之印照可照上例或從重罰辦凡該管之官查出無官印之照或巧用賤照則應立卽報明本省藩司若該官知而不報亦應議罰然須按次論罪遞加重罰至再四者卽行叅撤但在京中預印契照頒發各州縣衙門擬其責任莫如均由另設之專司辦理然務須設法慎防假照耳以上所陳卽稅典契亦應照辦

一、旣已查考可加徵其現時最要之課其餘應陳之乃加課之次項直道之故卽徵新起稅課擬徵之項有二一係照課一係印票課其照課中又擬二項一鴉片及烟葉之照課一行舖之照課其印票課中亦擬二項一係匯票及銀單銀票之印票課一係收單印票課

一、其照課中所論鴉片並烟葉之照課已在田賦項下陳明卽勿贅敍次論及行舖照課因思在此徵收之數較在他項新課所獲之款更爲鉅也查此課旣與京城所徵舖稅相仿援此乃將各項行舖分爲四則其一每年應完照課十兩其二五兩其三二兩五錢其四免徵而京城舖稅向分三則上者每年完納五兩中者二兩五錢下者免徵茲擬其一則各項發賣行店歸入其二則零賣大舖歸入其三則零賣中舖歸入其四則零星小

舖歸入至肩挑負販者按照第三則完課方昭平允其各項銀號應按發行之店每年亦完課銀十兩而錢舗每年可完五兩之數再斂司前曾擬陳設立零星發賣鴉片之局該局若定設立亦應令其分局每年每局完銀五兩其以上淺易之徵法卽將完納之行舖分爲四則亦係特擬者緣其法若行似屬足可公平俾完課者均各承之無大參差若欲細知各行店所賺錢數卽照其數酌奪攤徵則必須苛查各行店生理一切恐於所行更屬掣肘惟設法不久卽屬不妥與民情不合難期獲益則仍棄置矣且所擬徵之課亦不甚重不致令行舖不愜緣所完之數若在所賣各貨加價微昂乃係出於買者仍復飛回也

一凡在各項匯票銀單及銀號通行之銀票並自五兩至五兩以上或五千文至五千文之上者各商所給收單共四項擬徵印票課若在匯票及通行之銀票徵收印票課而其課數有從輕並一律者卽如匯票每張徵銀六分而在通行之銀票每百抽二則其數仕商不覺甚重大抵亦無不當衆意也

一其銀單若遇使用每張擬徵課銀二分若在商人所給五兩及五千文以上者之收單卽一律徵印票課銀二分究竟所完納之衆人亦不覺太重而貧乏者原買物銀數多不及應課之數自然免納如此必飭商人凡收應課銀數卽發收單毋違設查出漏課者應酌量議罰

一惟每年能收印票課之成數刻難陳明幾何然過數十年貿易漸爲益盛并內地建造新式通坦道路較爲推廣且揆及中國所有人人數巨多則致有由此款下所抽之項漸自能當國課之要款矣

一其前所指徵收新課之大端因各處情勢不一則由其所指者難免稍有相離但目前所有最要賦稅乃各省能一體徵抽援此忖度可將所擬各項新課在於各省一律徵抽尙無不宜也

一查以上曾申印票課之外又有印票課一類與先所陳換契印照相同者若揆其時勢在佃契一宗徵抽思之亦裨國益但以此宗課項乃佃戶所承而若等刻下實難另再多承稅課今擬姑且勿議容俟將來內地新式道路通坦致田價加長而使農民易覓出產銷場彼時再行量爲徵抽似屬合宜也

一復查泰西各國亦有別項印票課中國將來若核所需不足似於加徵稅課合宜再行酌量開徵但此時民間情勢若如此欲仿其別項印票課徵收恐多未便而致輿情不洽也

一按以前略陳枉道及直道如何加徵國課之法以保所入可抵必添之出項再敍及者乃籌款及核經費並工程估價之辦法現今籌款及核經費限以各省均各布算似與國勢相宜如是則易酌量各處情形可知當於

所定應徵某課或定收課徵法之大端曾否相離且不但於各省官吏整頓辦理本省各有司之事有益即於籌款能敷所用辦公各項亦屬有濟也至各省督撫若其志忠直敏捷者則此按省籌款及動支之法令其詳酌孰爲正項經費孰爲閒款倘若查出閒款卽須斟酌能否裁去耳惟前所陳以各省均各布算一條但內有一二項要公卽陸兵與水師若按省分定其界限則難免於國體有礙而招勇一事及其常行紮營所在若按省分辦理雖無不可然天下水陸各軍務必各歸總統一員以便所辦權出一手並可臨時獨斷則調用亦可捷便矣爲此各省除辦本省有司之事所需經費外應每年由省庫籌撥敷用之定款以供水師陸路兵餉耳一至工程估價於未舉辦之前務宜妥當詳細將工程估價開呈大憲核明奏准再辦爲要庶可妥洽而有法制拘束也惟所擬之經費於詳查後果知歸實係要工則所擬工程之估價切勿錯會減省之意而將所估價值苛扣以致應辦之要工及應購之物料不能備用頭等者乃陳工程估價之言與水陸各軍之費格外緊要也一其各省進款出項報銷公帳之法擬宜斟酌詳爲細查以便襄助京城及各省上司清查無訛妥爲約束

一因查中國各項艱難並實願欲朝廷政治振興現今似宜添出經費並加徵稅課以抵所出之款最爲緊要故於以上陳明也

一旦所擬各端緣略知中國刻下一切賦稅辦法並素識中朝情勢故而仰望若將所擬之條定然照辦可致成效且有裨益也惟以所擬各項致其能有成效則所派辦理者務須剛毅敏捷之員專司其政但有志者事竟成矣蓋中國之賦稅雖照所擬加徵其數尙覺輕也其最承加課者乃係殷實曉事之民彼等若知所擬各項如何於國有益卽貿易較易通行暨國勢益爲鞏固俾中外咸熙悠久無畔致永遠受福無量其能仰體善政亦毋庸慮不欲完者矣若完課之民旣明悉加抽較輕之課能獲如此利益似應導其忠義一鼓奮興使其勉力相助朝廷並樂助剛毅大員倡辦所擬各項事宜以成其功旣成其功則國帑足備不虞之用若慎防不虞之事則國勢鞏固國旣鞏固俾中外永遠敦睦中外敦睦則國家富強益漸興隆矣

光緒十年九月十三日

東海關稅務司德益呈

Pass System at Shanghai for Re-exports.

CUSTOM HOUSE,

No. 66.

SHANGHAI, 14th March 1885.

SIR,

With reference to your Circular No. 289 of 29th September last:

“Shanghai pass system: modification and extension authorised”:

and in continuation of Mr. Commissioner Glover's despatch No. 202 of July 21st, 1884, I have now the honour to submit herewith, for your consideration, three new pass forms, together with draft of a proposed Notification as to their introduction, and copies of correspondence which has passed between the Shanghai General Chamber of Commerce and myself in which views on the pass system and the working theory are exchanged.

The guarded language employed in paragraph 3 of your Circular above referred to, led me to open communications with the Chamber of Commerce before attempting any change in the pass system as it obtains at present, and as a result, I elicited the information, that the mercantile community is about equally divided in opinion as to the desirability or otherwise of a change.

Such being the case, I now propose, with your sanction, to proceed as follows:

- 1°. To issue a Notification to the effect that the new pass forms will come into use on the 1st June, or 1st July, as may be found most convenient.
- 2°. As a commencement to furnish the new forms to those firms only who are in favour of their employment.
- 3°. To expedite work at the Drawback and Re-export Certificate desks by appointing an additional assistant—two only being employed at present.

I have little doubts but that merchants in general will appreciate the new pass forms once they are convinced that the system under which they are to be employed entails no extra delay in the passing of goods, and necessitates no more work on their part than at present.

I have, etc.,

(signed) H. E. HOBSON,

Commissioner of Customs.

SIR R. HART, K.C.M.G., etc., etc., etc.

Enclosures.
 Enclosure1.
 New Pass
 Forms
 A.B. & C.
 Enclosure2.
 Proposed
 Notification
 appended.
 Enclosure3.
 Comr.'s
 letter to
 Chamber of
 C. of
 8/12/84
 (Press Copy
 Book)
 Chamber's
 Letter of
 30/1/85 (See
 Letters for
 Merchants)
 and Letter
 for Cham-
 ber to
 Merchants
 appended.

CUSTOMS NOTIFICATION No. 245.

I.—On the 20th July 1871 the following Customs Notification (No. 102) was issued, viz:—

“ In consequence of the frequent complaints lodged by importers at the Custom House of incorrect declaration of particulars of importation being made by persons re-exporting Foreign goods, the undersigned, by authority from His Excellency the Superintendent of Customs, hereby gives notice that from the 1st of November next it will be necessary, in accordance with the Treaty stipulations referring to the re-exportation of Foreign goods, for the Applications to export to be made, either by the importers themselves or certified by them to be correct, by means of Passes (to be made out by themselves) or any other kind of documents they may find most convenient.

“ Any importers desiring in the meantime to prevent their importations being drawn against, without their knowledge, by shippers, have only to request the undersigned to stamp no permits to re-export goods as having been imported by them without a certificate of particulars of importation from themselves.

“ The above conditions will be observed by the Customs, from the same date, in respect also to the re-exportation of Chinese produce.

“ (signed) T. DICK,
Commissioner of Customs.”

II.—In reference to the above, for the better protection and convenience not only of the Revenue but of importers and the buyers they sell to, I now give notice that I am authorised to institute a slight but important modification of the so-called “Pass practice” in this office—a practice which has been universally adopted by importers,—and I hereby invite merchants to adopt the following change in their method of issuing “Passes” from the 1st of July next till further notice:—

- 1°. Before duties are paid upon those *Foreign Goods* which Applicants consider to be of such a nature as to require Passes, the importations should be entered on the “Original Pass” (*vide Form A*, appended), and the importers should hand this document to the Customs with the “Duty Receipt,” to be stamped

by the office simultaneously with the Bill of Lading and the Application.

- 2°. This "Original Pass" is to serve as a warrant to the Customs that duty has been paid on the goods mentioned in it, and subsequently, as these goods are sold for which Passes are required, the "New Pass" (*vide Form B*, appended) should, before it is handed to the buyer, be sent to the Custom House (Drawback Desk) *with* the "Original Pass," to be stamped.
- 3°. When a merchant makes application to re-export his own duty-paid imports, he should hand in the "Original Pass" (covering the goods applied for) with his Re-export Application, in order that an entry of every such shipment may be made and duly noted on said Pass against the original importation. (*Vide example in Form A*, appended).
- 4°. Whenever it becomes necessary for a merchant to issue a duplicate Pass, the Customs should be notified of the fact, and a memo. of its issue should be duly entered upon the "Original Pass."
- 5°. Every "Original Pass" should be numbered by the importer, and each "New Pass" should have both the number of the "Original Pass" and a sub-number of its own. Marks and numbers as per Bill of Lading should be entered in all Passes.
- 6°. In the case of *Chinese imports*, one Pass only is necessary (*vide Form C*, appended). This should be made out for each "lot" or number of packages as per Bill of Lading, and handed to the Custom House with the "Duty Receipt," to be stamped as in the case of Foreign imports; but no subsequent subdivision of these Passes will be admissible.

III.—The introduction of this system offers certain guarantees to importers that similar fabrics consigned to other firms cannot easily be confused with or substituted for their own. It ought also to convince buyers that the Passes handed to them to cover their purchases are genuine, and that they have secured for themselves a certainty of the minimum of delay when applying to the Customs to re-export.

H. E. HOBSON,

Commissioner of Customs.

CUSTOM HOUSE,
SHANGHAI, 10th June 1885.

(For Foreign Goods only.)

ORIGINAL PASS.

(Not Transferable.)

No.

188.....

To

THE COMMISSIONER OF CUSTOMS,

Holding this document in evidence of payment by us of Duties upon the importation of the under-mentioned Goods, we ask that you will please allow us all re-exportation and other privileges resulting therefrom.

(signed) A. Z. & Co.

IMPORTATION.

N.B.—*This document is to be handed to the Customs with the Duty Receipt, to be stamped, and it will be returned with stamped Bill of Lading.*

MARKS.	PACKAGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	REGISTERED NO.	IMPORT VESSEL AND REGISTERED NO.	DATE IMPORTED.
			Piculs.	Cts.				
I B	100	English Drills .....	..	..	4,000	{ "Oopack" No. }	12/9/84.	

ENTRIES AGAINST ABOVE. (*To be filled in by Applicant.*)

Form A—cont.

DATE.	EXPORTER.	VESSEL.	Sub-No. of New Pass.	PACK- AGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	SIGNATURE. (To be filled in by the Customs.)
						Piculs.	Cts.		
7/10/84 . . .	...	New Pass	A	10	English Drills . . . . .	..	..	400	E.T.H.
10/11/84 . . .	...	" " . . . . .	B	15	" . . . . .	..	..	600	"
"	Self	" Kowshing" . . . . .	..	5	" . . . . .	..	..	200	A.B.
12/11/84 . . .	"	Transit . . . . .	..	2	" . . . . .	..	..	80	C.D.
2/2/85	"	" Ichang" . . . . .	..	20	" . . . . .	..	..	800	H.B.
3/4/85 . . . . .	...	New Pass	C	20	" . . . . .	..	..	800	E.T.H.
8/5/86	Self	" Pautah" . . . . .	..	20	" . . . . .	..	..	800	D.K.
9/10/86	"	"	D	8	" . . . . .	..	..	320	E.T.H.
				100					4,000

NEW PASS FOR FOREIGN GOODS ONLY.Form B.

Original Pass No.
Sub-No.

188
SHANGHAI,

To

THE COMMISSIONER OF CUSTOMS.

Please allow the bearer of this document all re-exportation and other privileges resulting from the payment by us of Duties upon the importation of the under-mentioned Goods.

A. Z. & Co.

Per

IMPORTATION.

MARKS.	PACKAGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	IMPORT VESSEL AND REGISTERED NO.	DATE IMPORTED.
			Piculs.	Cts.			
					No.		

ENTRIES AGAINST ABOVE. (To be filled in by Applicant.)

DATE.	EXPORTER.	VESSEL.	REGISTER No.	PACKAGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	SIGNATURE (To be filed in by the Customs.)
						Piculs.	Cts.		

N.B.—As soon as this document is issued, it should be sent to the Custom House with the Original Pass, to be stamped. Without the stamp it will not be accepted by the Customs.

Form C.

PASS FOR NATIVE GOODS.

No.

188
SHANGHAI,

To

THE COMMISSIONER OF CUSTOMS.

Please allow the bearer of this document all re-exportation and other privileges resulting from the payment by us of Duties upon the importation of the under-mentioned Goods.

A. Z. & Co.,

Per

IMPORTATION.

MARKS.	PACKAGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	IMPORT VESSEL AND REGISTERED NO.	DATE IMPORTED.
			Piculs.	Cts.			
						No. - - - - -	

ENTRIES AGAINST ABOVE. (To be filled in by Applicant.)

DATE.	EXPORTER.	VESSEL.	REGISTER NO.	PACKAGES.	DESCRIPTION.	WEIGHT.		PIECES OR VALUE.	SIGNATURE (To be filed in by the Customs.)
						Piculs.	Cts.		

N.B.—This document should be sent to the Custom House with the Bill of Lading, to be stamped. Without the stamp it will not be accepted by the Customs.

CHINESE CUSTOMS SERVICE:

SHANGHAI GENERAL CHAMBER OF COMMERCE,
SHANGHAI, 15th January 1885.

TO THE MEMBERS OF THE
CHAMBER OF COMMERCE,

The Commissioner of Customs has addressed the Chamber on the subject of a proposed change in the present regulations regarding Re-export Certificates, requesting the views of the Committee on the new scheme. The letter is accompanied by full details which, it is stated, have been already submitted by him to those most interested.

In the opinion of the Committee while the proposed alteration may be convenient to some merchants, it will entail on others a greatly increased amount of work, and the Committee do not see how the contemplated plan of having to send the "original pass," to be initialled or stamped, with every re-export pass can possibly be carried out without involving a great deal of delay with the not unlikely chance of the merchant losing the sale of goods owing to the buyers not being able to ship when he wishes to and it is well known the Chinese frequently delay their clearances, and often their purchases until almost the last moment before a vessel's departure.

As the matter is of importance the Committee are unwilling to reply to the Commissioner of Customs without obtaining as far as possible the views of all foreigners interested, they therefore request that the members of the Chamber will favor them with their opinion on the scheme as set forth in the accompanying documents either at foot of this or by letter, in latter case at their earliest convenience.

(signed) GEO. R. CORNER,

Secretary.

True copy, (signed) C. A. CLARKE,
2nd Asst. B.

It appeared from the replies which the foregoing letter elicited that the following firms object to the new scheme:

D. Sassoon, Sons & Co.
 Siemssen & Co.
 Jardine, Matheson & Co.
 Holliday, Wise & Co.
 Hyde, Hertz & Co.
 Arnold, Karberg & Co.
 Butterfield & Swire.
 Rodewald & Co.
 Cumine & Co.
 Welch, Lewis & Co.
 Frazar & Co.
 Wilkinson & Co.
 Dyce & Co.
 Evans, Pugh & Co.
 Turner & Co.

in all 15.

and that the following firms do not object:

Melchers & Co.
 Reiss & Co.
 Fearon, Law & Co.
 Russell & Co.
 Adamson, Bell & Co.
 Turnbull, Howie & Co.
 Maitland & Co.
 Gibb, Livingston & Co.
 Brand, Bros. & Co.
 A. Dent & Co.
 Mason & Co.
 Lavers & Co.
 China & Japan Trading Co.

in all 13.

INSPECTORATE GENERAL OF CUSTOMS,

No. 2893 Commrs.
 Shanghai. No. 12612.

PEKING, 25th April 1885.

SIR,

I am directed by the Inspector General to acknowledge receipt of your Despatch No. 66:

Shanghai New Pass System—proposed action submitted:
 and, in reply,

- 1°. To convey to you his approval of the new forms and procedure proposed, to be introduced from 1st July,
- 2°. To state that the employment of these new pass forms by merchants is to be optional on their part, not obligatory, and
- 3°. To state that the wording of the proposed Notification should be made somewhat clearer, especially in paragraphs II. 3° and III.

I am, etc.,

(signed) ALFRED E. HIPPISLEY,
Chinese Secretary for Chief Secretary.

THE COMMISSIONER OF CUSTOMS,
 SHANGHAI.

Correspondence relating to the appointment of Sir Robert Hart as
H.B.M. Minister at Peking, and his resignation of that post.*

FOREIGN OFFICE

May 2; 1885.

SIR,

I have the honour to inform you that the Queen has been graciously pleased to appoint you Her Majesty's Envoy Extraordinary and Minister Plenipotentiary to the Emperor of China, and to assign to you in that capacity a salary of five thousand five hundred Pounds a year.

I have to add that a further sum of two thousand Pounds is assigned to you as an Outfit Allowance, which amount you are authorised to draw from the funds of the Legation Chest at Pekin.

I have, etc.,

(signed) GRANVILLE.

To

SIR ROBERT HART, K.C.M.G.,

PEKING, *August 28th, 1885.*

MY LORD,

Sir Robert
Hart to
Marquess of
Salisbury
Aug. 26th/85
2 Encl.

I have the honour to forward herewith to Your Lordship a Letter received under Flying Seal from Sir Robert Hart stating the reasons which have led him to ask permission to resign the Post of British Minister, and returning his Letters of Credence.

I have the honour to be with the highest respect,

My Lord,

Your Lordship's

Most obedient, humble servant,

(signed) N. R. O'CONOR.

THE MARQUESS OF SALISBURY, K.G.,

etc., etc., etc.

*F.O. 17/975: The appointment was gazetted on the 23rd June 1885, *vide* despatch No. 149a, Granville to O'Conor, 23rd June 1885.

PEKING, 26th August 1885.

MY LORD MARQUESS,

I have the honour to acknowledge the receipt of Lord Granville's despatch of the 2nd May last, informing me that The Queen has been graciously pleased to appoint me to be Her Majesty's Envoy Extraordinary and Minister Plenipotentiary to The Emperor of China, and which reached me on the 10th instant accompanied by despatches, Treaty, Nos. 17 and 18 of the 23rd June, enclosing letters addressed by Her Majesty to The Emperor of China and The King of Corea, accrediting me in that character; and on the 18th July also I had the honour to receive Your Lordship's telegram,

"We leave your course with regard to acceptance of post of Minister absolutely to your own judgment of what is best."

The very great and exceptional honour done me in selecting me for the post of Minister is enhanced by the confidence the telegram reposes in me: I am at a loss to give adequate expression to my feelings of grateful appreciation.

When the post of Minister was first offered to me, I was on the one hand so deeply immersed in the anxieties that attended the Franco-Chinese negotiations, and on the other so dazzled by the offer itself, that I did not at once realize fully what might be the possible consequences of acceptance, and my first reply was simply to the effect that "doubtful of my fitness for the post, I thought it would be more prudent to decline, but that, if really wanted for special reasons, I would not finally lightly decline".

Later on future developments began to foreshadow themselves, and I then despatched the telegram communicated by Lord Granville and which elicited Your Lordship's message quoted and acknowledged above.

The time referred to by the word "finally" in my first reply has arrived, and I must now decide whether to remain as I am—Inspector General of Customs in the Chinese Service, or move to the Legation as British Minister at Peking.

To enumerate all the considerations present to my mind for and against either decision, would be to intrude for too long a time

on Your Lordship's attention: I therefore confine myself to stating in general terms that my disappearance at this moment from the Chinese Customs to occupy another post in China would affect the Customs' Service most seriously, and so mischievously that the commercial interests which require an honest administration, and the international relations which look for improvement from the advancement of China, would by and by alike have reason to wish that the change had not taken place, whereas, by remaining where I am, I believe I can make such a use of the insight into the future afforded by the effect the news of my purposed retirement has already produced as to give the Customs' Service a broader foundation and a more durable status—a result much to be desired not only for the sake of the Service itself, but in the interest of British relations generally with China; on the other hand, it is not so clear to me that certainly good results must follow my transfer to the Legation, and it is only too probable that sundry possible good results would be rendered less valuable and might perhaps be completely neutralized by either an unhappy break-down or an awkward and antagonistic development of the Chinese Customs in other hands. The Service which I direct is called the Customs' Service, but its scope is wide and its aim is to do good work for China in every possible direction: it is indeed a possible nucleus for a reformed administration in all its branches and for improvement in all the industries of the Empire, and it is of the first importance that the lead—already imperilled by proposals for which my talked-of withdrawal made an opening—should remain in British hands.

I therefore feel constrained to avail myself of the liberty accorded me: I consider it best to remain where I am.

Believe me, my Lord Marquess, I am most deeply sensible of the high honour of the Legation appointment: I also see that declining it closes a door I may yet be sorry—while many may blame me—for not entering; but from my point of view—here and today—told by the British Government that it would deplore my abandonment of the Mission and by the Chinese that, while it would be delighted to receive me as British Minister, it would much rather retain me as Chinese Inspector General, and by both Governments accorded absolute discretion to choose my course from my own judgment of what is best, I consider that I am acting for the best in the general interest, and more particularly in the special interests of England and China, when I beg leave to resign the high position of trust to which Her Majesty The Queen graciously appointed me.

Despatches Nos. 17 and 18, Treaty, have been deposited in the Legation Archives, but their enclosures, the letters of credence addressed to the Emperor of China and The King of Corea, are herein returned.

I have the honour to be my Lord Marquess,
 Your Lordship's
 Most obedient, humble servant,
 (signed) ROBERT HART.

THE MOST HON.

THE MARQUESS OF SALISBURY, K.G.,
 etc., etc., etc.

DOCKET.

SIR R. HART
 D. 26 August
 R. 22 October 1885.
 2 Enclosures

Resignation of Post of H.M.'s Minister to Peking.

reasons for:

return Letters to King of Corea and Emperor of China.

See Tel. to Mr. O'Conor
 No. 41 of July 17.

The Queen
 Ld. Iddesleigh
 Ld. G. Hamilton
 Private Secretary

Ry. Acknowledge and repeat regret at losing his services, adding that the motives by which his decision has been influenced are thoroughly understood and appreciated by Her Majesty's Govt.

Draft to Sir R. Hart, Oct. 27/85.

1034 China f.

Opening of Customs in Kowloon District under Inspectorate General.

PEKING, 9th February 1887.

Confidential.

DEAR MR. WALTER,

I mark this letter "confidential" because I do not wish its contents published either in the local papers or amid dinner-table gossip, and, if you think fit to talk about it to the men named lower down, please request them to keep the matter to themselves for a while.

The Chinese Govt. is about to place those six or eight stations round H.Kong and Macao, and which your community styled the "Blockade" Stations, completely and directly under myself. This change will, I trust, do away with the delays, squeezes and other inconveniences, of which the junk-trade has complained, and the substitution of a fixed for a fluctuating tariff, and the meting out of similar treatment to all, ought to be welcomed by the interests concerned. This and other recent developments oblige me to increase my Customs' staff in various ways, and amongst the items of increase will presently figure a Coast-Guard Commissioner with his fleet of Revenue Cruisers, and a Commissioner apiece, *i.e.* two in all for the H.Kong and Macao Stations, with their respective establishments at those stations. It is in this connection I wish to consult you.

The junks which pass the stations will have to pay either duties on general cargo, provincial likin on various articles, or Convention tax (*Tls.* 110) on opium. Whether this will drive the H.Kong carrying business more into the hands of steamer people or leave things as they are, remains to be seen; but, in any case I have to arrange in advance for collection of revenue, keeping accounts, remittances, etc., and I wish to do this in the way that will be most acceptable locally, so as to avoid friction on the one hand, and, on the other, secure for traders, etc., the most expeditious and least inconvenient way of doing business. One way of working is to have a Chinese bank shroff at each station, stop all vessels there, delay them till they are rummaged and their duties paid, etc.; but such procedure would neither give customs nor public the advantages I should like to see enjoyed. Another way—and this is what concerns you chiefly—would be for the men who have to pay duties to pay them into a H.Kong Bank—say yours: acting somewhat as follows—

- 1°. The Trader to report to the Commissioner in charge of the stations his cargo inwards or outwards;
- 2°. The Commissioner to hand the trader a Customs warrant authorizing the Bank to receive from him *Tls.*—;
- 3°. The Bank to receive that amount, place it to the account indicated on the face of the warrant, and hand the trader a Receipt according to a fixed form;
- 4°. The trader to surrender the Receipt to the Commr. in exchange for a Pass, to be viséd at the station and taken on to the port of destination;
- 5°. The Bank to keep, say, five A/cs.—
 - (a.) An account for General Duties paid to be styled A/c. *G.*
 - (b.) An account for Provincial Likin to be styled A/c. *L.*
 - (c.) An account for Opium to be styled A/c. *O.*
 - (d.) An account for H.Kong Stations to be styled A/c. *H.*
 - (e.) An account for Macao Stations to be styled A/c. *M.*
- 6°. The Commissioners to have, each, three *Warrant* books *G*, *L*, and *O* for payments to be made by the public to the Bank, and two cheque-books (to be marked) *H* and *M* for payments made from A/c. *H* and *M* to station establishments and public;
- 7°. The Bank to make no payments from A/c. *G*, *L*, and *O* except as instructed by the Inspector General, and to supply the I.G. with a quarterly statement (or monthly) of each A/c.;
- 8°. The Bank to remit the *G*, *L*, and *O* money as directed by the I.G. either to Canton or other Treaty Ports;
- 9°. Remittances from *G*, *L*, and *O* to be made, say, monthly;

The nine points preceding describe the operation in general terms, but are sufficiently detailed to show what would be required.

For its trouble the Bank would have the money collected (likely to be some two or three million taels annually if trade is not diverted from junks to steamers) in its keeping for the time that monthly remittances would allow. We could also supply all

the Warrants, Receipts, Papers, etc., from our own printing establishment or provide them at H.Kong, and we could either detail a Customs' Assistant to attend at the Bank to fill up Receipts, etc., or—perhaps better—contribute the salary you might require to pay an extra hand for this special work.

What I propose, as above, to do with your co-operation would be a convenience to the public and to the Customs, and I think would be an enormous support to the Bank; but it looks so like collecting duties *in* H.Kong that I fear some of the less pachydermatous members of the Leg. Council might object. Will you therefore think it out for yourself, and, if you feel the co-operation is of a kind the Bank would be able to render, and be benefitted by rendering, you can talk the matter over with Judge Russell and M.M. Ryrie, MacEwen, Bell-Irving, and Chater. Remember I shall in any case have to collect in your neighbourhood: I wish to do it, however, in the most convenient way, and in a way that will win recognition and fail to elicit disapprobation.

As soon as you have talked over the matter, and please do so confidentially, send me a telegram as follows: either 1°, 2°, 3°, or 4°—

- 1°. "One two three" *i.e.* Plan acceptable and Bank can co-operate.
- 2°. "Four Five Six" *i.e.* Council will oppose plan although Bank would willingly co-operate.
- 3°. "Seven Eight Nine" *i.e.* Council is willing but Bank cannot co-operate.
- 4°. "Ten Nine Eight" *i.e.* Plan acceptable and co-operation possible but details must be reconsidered.

Another point I should mention is that we may want a Bank Agency in Macao to receive moneys there, etc. Can you supply it?

Please attend to this matter speedily, for all my arrangements must be completed before the end of March. A telegram addressed "Hart Peking" will come all right.

Yours, etc.,

(signed) ROBERT HART.

INSPECTORATE GENERAL OF CUSTOMS,

No. 2 Commrs.
Kowloon. No. 15117.

PEKING, 4th March 1887.

SIR,

1.—Having appointed you to the post of Commissioner of Customs for the Kowloon district in my despatch No. 1_{Kowloon} of the 24th February, I now proceed to supply you with explanations and instructions for your information and guidance.

2.—Since about the year 1872 officials and employés serving under the Canton Viceroy and Hoppo have functioned at Customs stations located on spots known as Capsinmoon, Fotochow, Changchow, Lamma and Kowloon, in the vicinity of Hongkong, and have there collected, for the Viceroy, likin and, for the Hoppo, duty on Chinese junks and their cargoes. At this date there are, I am informed, three Deputies and fifty subordinates of various classes at Capsinmoon,—three Deputies and forty subordinates at Fotochow,—three Deputies and forty subordinates at Changchow, two Deputies and thirty subordinates at Lamma,—and one Deputy and twenty subordinates at Kowloon. With each Deputy there is a Shroff or banker to receive the money paid in as duty and likin, and there are steam-launches and Chinese boats of various classes for the preventive work generally.

3.—In connection with the arrangement necessitated by the additional Article to the Chefoo agreement and the plan provided in that Article for the treatment of opium, it has been decided that the Customs stations round Hongkong and Macao are to be managed in future by the Inspector General; they are to function as at present and under their present management till the end of March, but on the following day the Inspectorate will take charge: the Hongkong stations will be under yourself as Commissioner for the Kowloon district, and the similar stations in the vicinity of Macao will from the same date be under Mr. Farago appointed Commissioner of Customs for the Lappa district.

4.—The work to be done for the public by the employés of the Inspectorate at the stations above named will be connected with the following operations:—

1°. Chinese junks leaving Hongkong are to report at whatever station their destinations may render most convenient.

- 2°. The cargo those junks carry from Hongkong is to pay either one or other or all of the following charges, viz:
- (a) Hoppo's Duty according to Hoppo's Tariff;
 - (b) Provincial Likin according to Viceroy's Tariff;
 - (c) Tariff Duty and Convention Likin on opium.
- 3°. The junk is to proceed on her voyage when, duty, etc., being paid the station releases her.
- 4°. Junks bound to Hongkong are in like manner to report at the most convenient station, and remain there till released and permitted to proceed to Hongkong on payment of the appropriate duties and likin.
- 5°. General merchandise carried outwards by junks leaving Hongkong is to be supplied with a Chinese proof of payment of duty and likin for use at the place of destination.
- 6°. Opium carried outwards from Hongkong by such junks and which has paid Tariff Duty *Tls.* 30 and Convention Likin *Tls.* 80 (*i.e.* *Tls.* 110 per 100 catties) is to be dealt with as provided for by the additional Article and explained in recent Circulars (*vide* Nos. 352, 354, 356, and 358): that is, it is to be repacked in such assorted packages as the trade requires, and is to be given as many "Opium Transit Certificates" as the owner asks for (*i.e.* either one for each package, specifying weight, or one for any number of packages, specifying number of packages and weight), and a Customs' stamp or label is to be affixed either on each ball or on each "assorted package" (*N.B.*—The affixing of such Customs' stamps is a matter for reconsideration. It is not required by the additional Article: it spoils some kinds of opium: it involves the expenditure of much time and labour: some opium dealers dislike it: finally it is a question to what extent the continuance of the practice will protect either revenue or merchant or the contrary or its discontinuance damage either revenue or merchant or the contrary).
- 5.—The work to be done by the employés of the Inspectorate at the several stations for the Chinese Government arising out of the foregoing operations will include the following corresponding operations:—

11°. Books are to be kept (Inwards) to record junks bound to Hongkong

and (Outwards) from Hongkong.

- 2°. Duties, Likin, etc. are to be collected and Receipts, etc. issued.
- 3°. Clearances and Duty Proofs, etc. are to be issued.
- 4°. Books are to be kept *Inwards* and *Outwards* for Cargoes to and from Hongkong: in these are to be entered the items of which the cargoes are made up for Returns and statistical purposes.
- 5°. In some fashion or other, the form of examining cargo is to be gone through.

6.—The number of employés you will have at your disposal for your own office and for the various stations will be somewhat as follows: for your own office one Assistant, one Linguist, one Writer, one Tidesurveyor, one Examiner, and the ordinary Chinese underlings, and for each station there will be *one* Examiner, *two* Tidewaiters, *one* Linguist, *two* Shupans, and one or two weighers, a few Chinese watchers, etc., and a boat's crew. The Assistant, Tidesurveyor, Examiners, Tidewaiters, Linguists, and Writers will be selected by me and directed to report to you at Hongkong (at the Customs' Agents: Messrs. Lane, Crawford and Co.) before the end of March. As for the Chinese Shupans, Weighers, Watchers, etc., etc., etc., you will have to find them yourself, and the best way to do this will perhaps be to arrange with either Hoppo or Viceroy to take over some men from the present staff at each station; there will be a certain advantage in doing so in so far as you will thereby be supplied with men who know the stations, the work there, and the way of living, but there might also be a corresponding disadvantage seeing that the new way of doing work under us is likely to differ in some essential respects from the style that has obtained hitherto. In the arrangements you may make in this connection keep the following points in view and communicate them to Hoppo or Viceroy or both, viz:

- 1°. All will be on trial at first both as regards qualifications and numbers: whoever is not fit, and whoever is not required for the work to be done, will be discharged.
- 2°. All will be paid regular salaries and wages and must not accept gifts or look for other sources of income; and their pay is to be fixed according to the general run of rates of pay at the ports *plus* something extra to be hereafter authorized as special allowance for serving at these relatively isolated places.
- 3°. All who serve at the stations are under the Commissioner's orders and his only, and are answerable to him.

7.—The question of quarters for all who are employed at the stations is one which I must not omit, but about which I can say very little. I believe buildings have been constructed at each station, but whether they will be allowed to remain or be pulled down and disposed of by the outgoing collectorate, remains to be seen. The quarters hitherto occupied by the Weiyuan would doubtless be suitable for the occupation of Examiner, Tidewaiters, and Linguists, while the remainder of the staff, especially if taken over locally, would have their old quarters and there continue the old way of living and getting supplies, etc. There will probably be some discomfort at first: but this cannot be helped; in course of time and as soon as possible we can if necessary construct a cheap six-roomed bungalow at each place (this, however, you will do well to keep to yourself, lest the mention of anything like foreign houses at non-treaty places should elicit a prohibition in advance from the Viceroy). In connection with quarters, there is another question viz: the safety of the occupants. This point ought to be discussed with Captain Clayson and such arms provided—rifles and revolvers and such arrangements made as will enable the men at the stations to beat off any attack that lawless people may make.

8.—The preventive work of the two districts is to be provided for thus. Six small steamers of the improved "Li-shê" type, to steam 13 knots and costing about \$20,000 each, are now being built at Hongkong: two are to be ready in September and the rest early next year; four will be stationed in the *Kowloon* district and two in the *Lappa*. Meantime the "Fei Hoo," "Ling Feng" and three steam launches (the "Foo-moon tsai," "Chiang-hsing", "Kong-sing", and "Cum-sing") together with six chartered guard-boats will be detailed for the work of the two districts. All these vessels will in the first instance be under the orders of the Coast Guard Commissioner Captain Clayson, and the district Commissioners (*Kowloon* and *Lappa*) will arrange with him as to the localities and manner in which they are to function. Their duty for the present will chiefly be to see that Chinese junks inwards and outwards do not pass the stations without reporting.

9.—I am somewhat at a loss how to instruct you respecting your own office and residence, and think it best to leave these points to yourself to arrange, and, when arranged, report for my information and approval. At the same time you will probably have to adopt one or other of the following courses: if the Hongkong Government and Hongkong public will be guided by consideration for the Chinese interested in the junk trade of the Colony, you will possibly be able to arrange to have both residence and office in Hongkong

itself or at all events in British Kowloon—and such an arrangement in addition to being the best for the Chinese chiefly concerned would be the most convenient for yourself, but if Hongkong, official and private, decide to be guided by colonial jealousy and resent the presence and performances of a Chinese official on colonial soil, your office at least will have to be established on Kowloon but outside the boundaries of British territory; probably no objection would be made to your renting a house as your own private residence in either Hongkong or Kowloon: or, if forced to have your office on Chinese Kowloon, you may judge it best to be completely independent and build your residence there too. The ultimate solution of these points will very likely be influenced by the adoption or rejection of a plan which I have recently suggested for the payment of duty and issue of permits, etc., as regards the Lappa Commissioner, his treatment at Macao will resemble yours at Hongkong: if you live and work in British territory, he will be allowed to do likewise in Portuguese, but if you must establish yourself at Kowloon, he must then establish himself on the Lappa.

10.—The plan for the payment of duties, etc., just referred to is one about which I wrote to the Hongkong Manager of the Hongkong and Shanghai Bank some three weeks ago: copy enclosed.

I propose the following procedure:—

- 1°. The Chinese trader to report his cargo to the Commissioner.
- 2°. The Commissioner to hand the trader a Warrant authorizing the Bank to receive duty, so much.
- 3°. The Bank to receive that amount, place it to the account indicated, and give trader formal Receipt.
- 4°. The trader to hand Receipt to Commissioner in exchange for Pass and Duty Proof, the Pass to be surrendered at the station and the Duty Proof to be taken to destination.
- 5°. The Bank to keep five accounts:
 - (a.) An account for General Duties paid according to Hoppo's Tariff: to be styled A/c. G.
 - (b.) An account for Provincial Likin paid according to Viceroy's Tariff: to be styled A/c. L.
 - (c.) An account for opium (Duty and Likin) to be styled A/c. O.
 - (d.) An account for the office expenditure of the Kowloon Commissioner and stations: to be styled A/c. H.

- (e.) An account for the office expenditure of the Lappa Commissioner and stations: to be styled A/c. *M.*
- 6°. Each Commissioner to have three Warrant books *G*, *L*, and *O* for payments to be made by the public to the Bank, and a cheque book (*H* or *M*) for payments made from Kowloon and Lappa accounts on office account.
- 7°. The Bank to make no payments from A/cs. *G*, *L*, and *O*, except as instructed by the Inspector General and to supply the Inspector General with quarterly statements of each account.
- 8°. The Bank to credit the *G*, *L*, and *O* moneys as directed by the Inspector General.

I have not yet had a reply from Mr. Walter, and I presume he will have to consult some members of the Hongkong Legislative Council before undertaking to receive moneys thus, seeing that those moneys are Chinese duties and would be collected in an English Colony; but if the Bank's reply is favourable, then I think it may be taken for granted that you will be able to arrange to locate your office in Hongkong itself for the receipt of reports and applications, and issue of warrants, passes, and duty proofs, etc. If the Banker's reply is not favourable, some other plan will have to be devised for the receipt and safe-keeping of *G*, *L*, and *O* moneys and for the issue of Passes and Duty Proofs, etc., and, in that case, your office—if not your residence also—will have to be in Chinese Kowloon. It would certainly be a good thing for the Hongkong and Shanghai Bank to get this business, and as the influential people of the Colony are interested in the Bank's standing and prosperity, I trust their desire for the Bank's welfare may help to diminish the unacceptableness of whatever they may find to object to in the procedure I propose; I shall be all the more rejoiced if Hongkong allows this procedure to be adopted, seeing that it is in reality the procedure calculated to be most convenient and least embarrassing for both trading public and Customs. If we are forced to fall back on the present system of receiving payment at each station through a shroff, we shall have no end of trouble; and if we establish our own Haikwan Bank on Kowloon, the inconvenience thereby certain to be caused to the junk trade will be very great.

As regards the Lappa Commissioner, I have also asked the Hongkong Bank whether it could establish a branch at Macao; the procedure you follow will in all probability be feasible for Mr. Farago.

11.—As it was the additional Article and the deliberations of the Hongkong Commission that led to the decision to transfer the stations to the Inspectorate and to the appointment of Commissioners for the Kowloon and Lappa districts, I shall have some special instructions to give concerning the treatment of opium: these will form the subject of another despatch. Meantime I may say that you will have to make arrangements to do for opium all that the Treaty Port Customs do: that is—

- 1°. Collect Tariff Duty *Tls.* 30 and Convention Likin *Tls.* 80;
- 2°. Superintend re-package in assorted packages;
- 3°. Issue whatever “opium Transit Certificates” are properly applied for;
- 4°. Affix Customs’ stamps or labels to either every ball or every parcel; and
- 5°. Consult with the Hongkong member of the Commission (Judge Russell) concerning the details of the procedure to be adopted.

12.—As regards the district limits, I think it will be best to regard charts E and G of the Maps illustrating the Canton Trade Report of 1874 as defining in a general way the limits of the Kowloon and Lappa districts respectively; but it is expected that there will be neither conflict nor isolated action and that the Canton, Kowloon, Lappa, and Coast Guard Commissioners will work together harmoniously, intelligently, and effectively, in Southern waters for a common object, viz. to secure the largest possible collection of revenue and at the same time give the greatest possible facilities to trade.

13.—You will render your Accounts of office expenditure, etc., every quarter in the same way and on the same forms as the Custom Houses at the Treaty Ports; whether there will be A/cs. B, C, and D in addition to A/c. A, remains to be seen. During the April-June quarter you can get from the Statistical Department all that you require.

14.—You will also have to prepare Quarterly Revenue Returns; for these, however a special form will be required, and it will be decided on and sent you before the end of June.

15.—As regards the Trade Returns which you are to prepare for publication by the Statistical Department, some special instructions

will be sent you later on; meantime you will bear in mind that what the Returns are intended to show will be—

- 1°. What goods go to Hongkong from China; and
- 2°. What ports or places the junks bring them from;
- 3°. What goods go to China from Hongkong; and
- 4°. What ports or places the junks take them to;
- 5°. Number of junks inwards and outwards, with their average or estimated carrying capacity in Piculs, average measurement, average number of crew, etc.;
- 6°. Number of passengers inwards and outwards.

16.—Your office expenditure will be arranged for as follows: I shall open an Account at the Hongkong and Shanghai Bank, Hongkong, to be styled the I.G.'s A/c. *H*, and shall inform the Bank that you, as Commissioner for the Kowloon district (and your successors in that position appointed by the Inspector General) are authorised by me to draw—and I hereby authorize you to draw—on it for whatever funds you require for office purposes, etc., but the account is never to be overdrawn; and I shall ask the Bank to supply you with an A/c. *H* cheque-book. When signing cheques on this A/c. be careful to place the letters "*I.G.'s A/c. H*" both above the number in the left hand corner and below your signature in the right hand corner to prevent their being charged to any other account. My estimate of your required expenditure is in round numbers that, steamer expenditure not included, you will require for your own *i.e.* the central office *Hk.Tls.* 1,000 and for each of the Five Stations *Hk.Tls.* 500 or in all *Hk.Tls.* 3,500 monthly. The steamers to be paid by you for the present will be the "Fei Hoo"—say *Tls.* 2,500 monthly—and two steam launches—say each *Tls.* 250 monthly—their expenditure will be duly provided for, but you must consult with the Coast Guard Commissioner Captain Clayson and arrange what crews the steam launches are to carry, what pay they are to receive, and what amount ought to be provided monthly for coal and engine stores, etc. There are also six or more Chinese Guard-boats, chartered by Captain Clayson in my name, for the work of the two districts: some will be paid from the Kowloon moneys and some from the Lappa; Captain Clayson has not yet reported the terms of the charter party.

17.—To some extent by way of recapitulation I shall now point out what you and Mr. Farago are to attend to at once:—

- 1°. Call on Hoppo and Viceroy in company with the Canton Commissioner and procure ten or twelve

copies of the Tariff each for General Duties and Likin: *i.e.* one copy for each station, one for each central office, and two for the Inspector General.

- 2°. Arrange with Hoppo and Viceroy that you two and Captain Clayson are at once to visit the stations, see the work they do and the way they do it, and pick out such Shupans and ch'ai jen yeh as you desire to retain for duty after March.
- 3°. Ascertain from the Hongkong Bank whether my proposal will be acted on, and if it is not to be acted on arrange locally with your colleagues what steps are to be taken, whether to keep shroffs at each station or get the Canton Haikwan Bank to open branch offices at Kowloon and Lappa.
- 4°. Arrange to house your Examiners, Tidewaiters, etc., at the stations, and take care that they are all ready for work on the 31st March.
- 5°. Arrange where the Kowloon and Lappa central offices are to be; if the Kowloon office is to be in Hongkong, a house or rooms in a house, in one of the streets running up the hill from the Queen's Road—such a position for instance, as A Fong's the photographer's—might be most convenient for all concerned: probably the Bank could assist you to find a good place. If the Lappa central station is to be in Macao, it ought to be near the inner harbour, but the Commissioner's private residence ought to be on or overlook the Praya or sea front.
- 6°. For the present you had both better live at Hotels and let the question of your private residences be dealt with by and by, when you are better acquainted with the places and know where you will be most comfortable, etc.
- 7°. Consult with Judge Russell as to the steps to be taken generally and more especially as to the manner in which Hongkong co-operation for the collection of the opium revenue is to work. Mr. Farago ought to see Judge Russell too, for, having to arrange at Macao for identical co-operation, it is necessary for him to know fully what the Hongkong co-operation really is. In this connection you will both please to remember that your consultations with Judge Russell

will be of a strictly *confidential* kind and are not to be talked about, published, or communicated to anybody else (myself, *i.e.* the Inspector General, excepted).

8°. Apply to the Statistical Secretary for whatever books and forms you want, and purchase at Hongkong whatever stationery or furniture your districts require: to be charged in your A/c. in the usual way.

18.—What I have above written must for the present suffice, but there are probably other points still to be dealt with about which you will be addressed in due course. From the very outset, however, I wish you to remember the following caution and to shape your private life and your official action in accordance therewith:—The work which is now to be commenced is at once popular and unpopular, has its purely colonial as well as its purely Chinese side,—will meet with support from some quarters and obstruction from others,—may produce useful results if well managed and may as easily do the opposite if there should be any mismanagement,—and your doings of every kind, private and public, will be watched, noted, and talked about; such being the case, I wish you to be very careful, very discreet, very prudent: keep your own counsel—avoid argument—be conciliatory and considerate in language and action—touch everything with a very light hand until you know your men and have your machinery in good working order—do not start by being too strict—work the junks gradually into observing all necessary forms and, when they are safely in that groove, begin to see that the matter is there as well as the form—let your examination of cargo at the stations be at first nominal and do not worry the junks or delay them a minute longer than you can help—do not be in too great a hurry to exact faultless observance of rules and regulations—impress upon the Examiners, Tidewaiters, and other subordinates at the stations the fact that the brisker trade is, the more prosperous will be the revenue, and that nothing hurts trade—and therefore revenue too—so much as vexatious treatment of traders, and, unnecessarily strict examination and detention of merchandise by Custom houses—do not begin by penalties and punishments, but let that phase of your work come forward later on, little by little, and then only when absolutely called for—do not vex people by opening their small parcels and rummaging their little travelling boxes and bedding, and remember that what we aim at collecting revenue from is not the petty ventures of little shopkeepers, but the larger business of wholesale merchants. In a word, I look to you to introduce our system very quietly and very gradually, and I rely on you to give neither Chinese junk-traders cause of complaint nor

colonial critics mistakes to criticise. I have selected you both for this difficult but interesting experiment at Hongkong and Macao because I know I can rely on your tact, good sense, and acquaintance with Customs' work generally, and because I want the commencement period to develop slowly, safely, and noiselessly. Be sure that you lose no time in calling on all the colonial officials and on such members of the community as are in any way connected with the Colonial government, and, in your dealings with the public your official action touches, let it be your principle to err always on the side of liberality and leniency and to drop a passing question (pending reference to me) rather than, by fighting it, create a real difficulty.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

F. A. MORGAN, Esquire,
Commissioner of Customs,
 KOWLOON.

Dues and Duties collected by Hoppo at Kowloon and Macao.

INSPECTORATE GENERAL OF CUSTOMS,

No. 4	Commrs.	PEKING, 8th March 1887.
Kowloon.	No. 15141	

SIR,

1.—In my despatch No. 2 of the 4th instant §4 I described the collection of revenue to be undertaken at the stations as threefold, viz.

- (a.) Ordinary Duty on general merchandise for Hoppo;
- (b.) Provincial Likin on general merchandise for Viceroy; and
- (c.) Tariff Duty and Convention Likin on opium;

and, in doing so, I acted on the information originally given by the Yamén. I am, however, now informed that the Hoppo does *not* collect ordinary duty on general merchandise, but simply ordinary

duty on opium, and that the Viceroy instead of being described as collecting provincial likin on general merchandise ought to be described as collecting provincial likin on certain special commodities including opium, "Thus," said the Ministers of the Yamén, "what the Inspectorate will have to do at the stations, in addition to collecting opium duty and likin under the additional article will be to do as was done before, that is, collect on the articles of merchandise hitherto taxed and according to the rates hitherto in force (the meaning of which is that if the Hoppo does collect, we are to continue to collect)." As it is evident there is some misunderstanding in the matter, I wish you to ascertain—not necessarily by questioning the Hoppo, but by inquiring elsewhere, say at Hongkong, Macao, and the stations themselves—what is really done: does the station collect a Hoppo's duty on general merchandise and at what rates, or do they collect for the Hoppo on opium only? And on what articles of general merchandise including opium and at what rates do they collect likin for the Viceroy? And are there any junk dues (mintage dues, tonnage dues, etc.) collected? It is important to get at the facts of the matter, for on the one hand, the Yamén expects us to collect on whatever merchandise Hoppo and Viceroy raised funds from, and on the other, Hongkong and Macao will be much agitated and perhaps cause us some trouble if we attempt to collect on anything the Hoppo and Viceroy allowed to pass free.

2.—While you are procuring the information the preceding paragraph calls for, I wish you to endeavour to obtain some specific details, but in this instance from the Hoppo and Viceroy themselves, relative to the amounts collected at each station, as set forth in these queries:—

- 1°. What is the name of each station that collected duty ^{and}
_{or} likin round Hongkong and Macao?
- 2°. What amount did each station collect up to the 31st March from (any earlier date: so as to give the result of three, six, or twelve months' collecting)?
- 3°. In what quantities did the goods that paid duty ^{and}
_{or} likin pass the respective stations during that period (\$2)? *N.B.*—In connection with this question about statistics, ask for the station archives for the period, taking it for granted that such must necessarily exist either in the form of merchants' applications, or station permits, or manifests, or Shupan's duty calculations, or in all four.

3.—As soon as you have got replies to the questions I ask in §§ 1 and 2, telegraph the result to me in the fewest possible words.

4.—My despatch No. 2 instructed you to ask Hoppo and Viceroy for copies of their Duty and Likin Tariffs. Of course you will be supplied with these, and as soon as you get them it will be well for you to prepare foreign versions (English for Hongkong and Portuguese for Macao) of the lists of articles that are charged and the rates according to which each pays: copies to be sent to me.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

F. A. MORGAN, Esquire,
Commissioner of Customs,
 KOWLOON.

Suggested amendment of the Hongkong Opium Ordinance.

CUSTOM HOUSE,

No. 5
I.G.

KOWLOON
HONGKONG, 7th April 1887.

SIR,

On the 1st April last I had the honour to send you the following telegram:—

Hongkong
 Opium
 Ordinance:
 opposition
 to and
 proposed
 alterations
 reported.

“ Strong opposition to Opium Ordinance Indian Merchants house property owners and Chinese retail opium dealers desire sale of drug in parcels less than one chest Government object as penalties necessary to enforce requisite regulations would mean punishment in Hongkong for offences against Chinese revenue Opponents apprehend exodus of retail traders and loss of trade. Adjourned discussion to-day. Would China entertain retail proposals consider revenue could be safely collected:”

and in reply received your telegram of the 2nd:—

“ Best make no change exodus not likely and will not hurt much. Our arrangements for repackage when perfected will enable honest retailer to send our sold opium from our warehouse in whatever size package he likes. We must not play into opponents' hands now. How did adjourned discussion end ? ”

and, again, in continuation of the same subject, I sent you on the 5th from Canton a further message:—

“ Discussion of Ordinance adjourned indefinitely Hongkong Government desires to conciliate malcontents and will probably yield. Russell considers proposed alterations rectify defects in his first scheme and is favourable. Am promised authentic copy of scheme when complete and will telegraph the whole. Own introduction to Hongkong Government suggested.”

Late this evening the Administrator, Mr. Marsh, has handed me an authentic copy of the proposed scheme for amending the Opium Ordinance, which is as follows:—

Scheme Proposed by the Undersigned for Allowing Export of Raw Opium in Quantities Less than One Chest.

1.—Retail sale and export of raw opium in quantities less than one chest will be confined to persons licensed by Government at a nominal fee, the said licensees to enter into bonds of at least \$5,000 each, to comply with certain conditions:

- (a.) That no opium unless samples not exceeding two (2) taels (duly certified by the Importer) shall be admitted into his premises or under his control except what he obtains in registered chests.
- (b.) That he will not part with any Opium until he has received a permit of removal from a Government Officer and a receipt from the Master of Junk or other vessel by which the opium is to be exported which receipt may be made on the official removal permit and must be retained by the licensee.
- (c.) That the said licensee will make up and endorse on every parcel the quantity and kind of opium and his own name and that of the vendee and that he shall attach a certificate of sale which will not be valid for more than 3 days including day of issue.

(d.) That he will permit a search for deficiencies and deliver official removal permits when Government Official may require and be liable to penalty and forfeiture of licence in case of deficiency.

2.—That with a view to prevent the said opium being in any way relanded and re-imported to the detriment of the prepared opium farm the Government Official charged with the duty of granting permits of removal shall at once wire to the Officer in charge of I.M. Customs at Kowloon the quantity, quality marks, and numbers of the opium shipped by each vessel with name of vessel and number of any and the name of the vendor of the opium, and the Customs Officer will report all short arrivals.

3.—Government Official may in his absolute discretion refuse permit for shipment by any vessel. Master of vessels not clearing for a port of China and having opium on board will have it placed on their manifests and undertake that it shall not be relanded. The Committee of Chamber of Commerce and dealers in opium Import and Export, recommend this scheme as one which will be satisfactory to them and will at the same time protect the opium farm and meet other objects which H.M.'s Government have in view.

(signed) C. P. CHATER.

Approved by { JNO. J. FRANCIS
of Counsel for Chinese Dealers.
 Wm. H. BRERETON
*of Counsel for the Importers of and
 wholesale Opium Merchants.*

I am directed to signify on behalf of the Committee of the "Hongkong General Chamber of Commerce" that, as the dealers in Opium have expressed themselves willing to accept the conditions herein, the Committee have no objections to offer.

(signed) H. U. JEFFRIES,

Secretary to the Chamber.

HONGKONG, 4th April 1887.

The scheme is too long to telegraph in its entirety, and so I have modified my intention and am sending you through Canton, a synopsis, which at a little unusual expense, will furnish you with advantageously early information on the subject.

As regards the scheme itself I do not venture to express too decided an opinion; but I desire to suggest the following points, for and against it, for your consideration:—

- (a.) It must be remembered that the opposition made by the Chamber of Commerce and others interested to the prohibition against breaking up opium within the Colony is so strong that the Hongkong Government have deemed it advisable to conciliate the malcontents and meet their views. As for myself, I could only put out such hints as lay in my power in the direction of protecting China's interests.
- (b.) The British Government may possibly object to the scheme on the grounds of expense involved in its working.
- (c.) The Government here when acting on our information of short delivery at the Stations were afraid it might appear that they were punishing for an offence against China's fiscal system: and so I venture to suggest that the offence could be made to appear as against a Hongkong Ordinance and this has been done by making the offence one against the Opium Farmers' vested interests.
- (d.) Directly connected with the foregoing is a point to which I desire to draw special attention, as it affects China's Revenue. Although the disappearance of all or a part of the opium entered on a purchaser's Certificate is punishable in Hongkong and the Opium Farmers' interests are protected by penalties; yet there is nothing to safeguard China's Revenue as regards the missing opium. To rectify this I suggested that China should collect on the whole quantity of opium entered on the Certificate whether the drug be forthcoming or not and my suggestion was accepted by Mr. Chater and others; but it seems to have been found difficult (and it obviously is so) to introduce this in so many words into the Ordinance and so it has been left to China to protect her own interests in this respect. Such an unusual levy would, as far

as I can gather, not be objected to *now*; but communities change and the point might be raised and made much of a few years hence. If any way can be found of getting the Hongkong Government to agree with China on this point it would be most desirable.

- (e.) An exodus of Chinese from Hongkong to Kowloon is not to be apprehended. The nature of the landing in Chinese Kowloon involves expense and danger to the valuable drug; while British protection would be forfeited: and retailers' establishments in British Kowloon would have no greater advantages, with our repacking godown afloat, than Hongkong itself.
- (f.) Our godown (hulk) for repacking opium at Kowloon will be got in readiness just the same; and it will be my endeavour by granting every legitimate facility, to attract repackers there and so centralise our work and collection of duties.
- (g.) That open information of all opium sent away is to be given to the Chinese Customs officially and *at the request of those interested* is a great point gained: and for statistical purposes the figures would be exceedingly valuable.
- (h.) As regards the Canton steamers the condition that Masters must give receipts for (and Manifest) all parcels of opium, added to the information lodged with the Kowloon Customs, will tend greatly to facilitate the proper collection of duty on that line.
- (i.) With reference to my suggestion that I should be introduced to the Hongkong Government I have only to say that I have been cordially and openly received by one and all but that an official introduction unless you deem it inadvisable would materially strengthen my position and enable me the better to work for China's interests.

With these remarks I submit the matter to you and have the honour to await your instructions.

I have, etc.,

(signed) F. A. MORGAN,

Commissioner.

I.G., PEKING.

CUSTOM HOUSE,

No. 12
I.G.

KOWLOON
HONGKONG, 22nd April 1887.

SIR,

On the 17th instant I had the honour to receive your telegram of the 15th as follows:—

“Original ordinance infinitely better than amendment, especially as against River steamer smuggling and as less troublesome for honest retailer: advantage for dishonest retailer is disadvantage for Customs. Consult three Commissioners colleague and give me your view for and against amendment fully. If Tsung-li Yamén reject amendment will Hongkong enforce original ordinance, or will there be no ordinance whatever? Viceroy has telegraphed Tsung-li Yamén strongly recommending rejection of amendment.”

Proposed
amend-
ments to
Opium
Ordinance:
joint
opinion of
Commis-
sioners
telegraph-
ed.

Acting upon these instructions my three colleagues and myself met at Canton on the 20th and, after a thorough discussion of the amendments in question, agreed upon the following opinion, which was wired to you the same evening:—

“Four Commissioners’ opinion on amendments to Opium Ordinance original ordinance preferable from Chinese Revenue point of view subject to the consideration of the desire to conciliate mercantile feeling in the matter and make thing more smooth for the Hongkong Government. Provided the Hongkong Government carries out its obligation properly the collection of Revenue will not be imperilled. Inefficiency on part of Hongkong Government e.g., late information should give China the right to insist on original ordinance being enforced *i.e.*, chest not to be broken up in Hongkong territory except by *Opium Farm*. If no concession made to malcontents friction and hostility from non-official members of Council will continue indefinitely. It is probable that the facilities which can be afforded at the Customs packing station at Kowloon will in reasonable time induce retailers to break up all chests there in preference to Hongkong. That this amended Ordinance should be accepted by China only provisionally and be liable to revision upon blank month notice given

on either side. Although not referred to in Ordinance or amendment the four Commissioners consider that paragraph D. of Kowloon despatch number five by which collection is to be made on certificates deserves attention and that the plan suggested is feasible. Farago submits that the object of the amendment is to facilitate retail trade, this is wholly provided for in Ordinance, a packing place being built for the use of retail dealers on Kowloon; and, as the amendment will involve much extra work, and yet does not assure the safe collection of duties, I do not see any sound reason for altering original scheme, except perhaps with a view to conciliate business people in Hongkong."

From the foregoing message you will see that we are all practically unanimous in thinking the original ordinance preferable from a strictly revenue point of view, but consider it also most important to conciliate mercantile feeling in Hongkong to remove long standing hostility and friction; and to relieve the Hongkong Government from the unpleasant necessity of passing the original ordinance by the official votes only in the face of a unanimous non-official opposition.

After an interview, also, with the Administrator, Mr. Marsh, I had his permission to convey to you confidentially his opinion that, in the event of China rejecting the amendments, Hongkong would have no course but to pass the original ordinance; and this I have done by adding to the above message the following words:—

"Confidential. If China rejects amendments Administrator's own opinion is Hongkong Government have no plan but to enforce original ordinance."

Chinese versions of the proposed amendments to the Ordinance and of the joint view of the Commissioners about them but not of the confidential addition to the message are being supplied to the Hoppo and copies of the same will be forwarded to you as early as possible.

I have, etc.,

(signed) F. A. MORGAN,

Commissioner.

I.G., PEKING.

**Discharge of Cargo by Vessel before Entry at Customs. Clearance
of Vessels before full payment of Import Duties.**

CUSTOM HOUSE,

No. 109

1887.

SHANGHAI, 17th May 1887.

SIR,

I have to acknowledge receipt of your despatch No. 1715, of the 10th instant,

inquiring whether vessels are ever allowed to discharge cargo before being properly entered at the Custom House, and if so, to what class of vessels and under what conditions this privilege is granted.

4 Enclosures.
Discharge
of cargo
from vessels
not yet
entered:
practice
concerning.

Permission on the part of this office to vessels to commence the discharge of their inward cargo before being reported by the Consuls is not here a privilege only granted under exceptional circumstances, but in the case of steamers which have entered the harbour limits, is the rule followed almost invariably; such permission, however, does not authorise the cargo being taken delivery of by the consignees, but on the contrary is only granted on the understanding that the cargo so discharged is to be held to the order of the Commissioner at the wharf concerned, or in exceptional cases in the cargo-boats, pending the production of a stamped permit from the Customs.

The circumstances which have led to the adoption of this system and the system itself may be briefly described as follows.

To avoid delay in the movements of steamers and consequent inconvenience to the trade of the port it was found necessary many years since to depart so far from the treaty stipulation that all dues and duties should be settled in full prior to the issue of the vessel's port clearance, as to allow steamers to clear upon the strength of a guarantee from the agents that all duties outstanding upon the import cargo (those upon the export cargo being in all cases paid prior to the issue of the Permit to Ship) would be paid within three days from the issue of the Port Clearance. The payment of duties within this limit was never strictly enforced, and the form of the so-called guarantee, which was in reality nothing more than a promise on the part of the agents, appeared to me inadequate to secure the revenue from possible loss. I therefore drew up a form of guarantee to cover the payment of import duties upon all steamers to the guarantors' consignment, which had to be signed by the guarantors (the agents of the steamers) and by another firm, as co-guarantors, before the former's Consul by whom the guarantee is

signed and stamped; and substituted this formal guarantee for the somewhat informal promise previously accepted. This guarantee, which is valid for six months, stipulates that "in consideration of the Commissioner of Customs at Shanghai agreeing to grant, and granting, when applied for, 'General Discharge Permits' for and—all Export Duties having been paid—clearances of steamers belonging to or consigned to (the guarantors' firm) they do thereby jointly and severally guarantee the payment of all duties due on the inward cargo of such steamers to the said Commissioner of Customs within six days from the date of clearance; and they also jointly and severally guarantee that none of the goods landed under the 'General Discharge Permit' shall be from the wharf or godown named in the 'General Discharge Permit' without a stamped Permit from the said Commissioner of Customs."

Coast Steamers.—In virtue of this guarantee the agents of steamers trading regularly upon the coast are allowed to make application for a "General Discharge Permit." A separate application is made for *each* steamer, but requests the issue of this General Discharge Permit upon every arrival of that particular steamer within a period of *three months* from the date of the letter of application; i.e. if there are six steamers belonging to a company plying, six letters of application are made, each letter covering all the entries of one steamer within three months from the date of the letter. This letter of application consists of two parts. One, the upper, portion is signed by the agents and reproduces all the important parts of their six months' guarantee. The other, the lower, portion is a guarantee on the part of the wharfinger that "in the event of any of the goods comprised in such cargo being delivered or removed from (such and such) wharf or godowns, without a stamped permit having been first obtained from the Commissioner of Customs for this purpose, he will forthwith pay to the Commissioner of Customs all duties which may be due upon the same." This application is accompanied by a General Delivery Order signed by the agents and addressed to the commanding officer of the vessel authorising him to discharge all his cargo into such and such a wharf. In the letter of application for a General Discharge Permit and in the General Delivery Order, Opium and Munitions of War are expressly excepted; these goods can only be discharged from the vessel upon the production of the stamped Customs Permit. The General Delivery Order when initialled by the Chief Clerk and stamped with the Customs seal constitutes the "General Discharge Permit" mentioned in the letter of guarantee.

River Steamers.—In the case of River Steamers it is not customary to make application for *each* steamer; the application and

General Discharge Permit covers *all* such steamers arriving within the term of three months belonging to or consigned to the applicants.

Steamers from abroad.—In the case of steamers of this class the same system is followed, but separate application has to be made for each steamer and on the occasion of each arrival. If therefore a coasting steamer arrives from Hongkong, the three months' letter of application is held to be cancelled and a separate application has to be made. Steamers, however, plying regularly upon the coast seldom go to Hongkong, with the exception of those belonging to Messrs. Siemssen & Co., and to the China Merchants S.N. Co.; and the fact of these latter calling at Hongkong causes no change in their treatment by this office, because the China Merchants Company having no six months' guarantee, have to deposit the vessel's papers with myself upon her arrival and when clearing her, hand in a document undertaking to pay all the duties due within a period of three days, a separate document being handed in at each clearance. It may be added that unless under very exceptional circumstances, a steamer is not allowed to clear a second time under guarantee, if duties upon the cargo brought on her previous voyage are still outstanding. An exception, however, is made in favour of the Ningpo steamers, as owing to the fact that the same steamer leaves Shanghai for that port every second day, it is at times impossible to have all duties paid up during the single day intervening.

The regularity with which steamers engaged in the Northern and Riverine trade perform their trips, and the fact that the movements of steamers from Hongkong and the southern ports are regularly advised by telegram, enable the agents to know almost exactly the date at which any one steamer will arrive; and they are careful to make application for the General Discharge Permit one or perhaps two days before the date of her anticipated arrival. Permission, therefore, to discharge is in almost all cases granted one day and in certain cases it may be two days before the vessel is reported by the Consul. The boon which the establishment of this rule has conferred upon merchants can scarcely be over estimated. Under it, for example, if a vessel arrives on a Saturday too late to be reported, the agents by taking out Night and Sunday Permits, are able to almost complete her discharge by the time, at which but for this rule, she would be just commencing to unload. And the acceleration in the discharge of cargo thus secured is not a boon to the particular vessel which takes out the permit alone, but to all the shipping; for the discharge being completed within the smallest possible limit of time, the steamer can at once leave the wharf and yield her berth to another awaiting discharge, which in

view of the inadequate wharf frontage is a matter of no small moment to steamer agencies.

Of late owing to the difficulty experienced by vessels in crossing the bar, the privilege of discharging prior to receipt of the Consular Report, has had to be extended to vessels not within the harbour limits so as to enable them to discharge at Wusung sufficient cargo to permit them to cross the bar and enter the harbour limits. The procedure in such cases has already been described in my despatch No. 74 to you, of the 11th April last.

To enable the above details to be fully understood, I forward inclosed herewith blank forms of

- (a.) The six months Guarantee.
- (b.) Letter of Application for a General Discharge Permit for steamers from abroad (that used for Coast steamers being identical with it, except that the words "for a period of three months" are inserted after the word "cargo" in the second line).
- (c.) Letter of Application to discharge a portion of the cargo at Wusung to enable the vessel to cross the bar.
- (d.) Permit for ditto.

I have, etc.

(signed) JAMES H. HART,
Commissioner of Customs.

IN CONSIDERATION of the Commissioner of Customs at Shanghai agreeing to grant, and granting when applied for, "General Discharge Permits" for, and—all Export Duties having been paid—clearances of, steamers belonging to or consigned to.....

we do hereby jointly and severally guarantee the payment of all the Duties due on the inward cargo of such steamers to the said Commissioner of Customs withinfrom the date of clearance. And we also jointly and severally guarantee that none of the goods landed under the "General Discharge Permit" shall be removed from the Wharf or Godown named in the "General Discharge Permit" without a "Stamped Permit" from the said Commissioner of Customs.

This Guarantee may be cancelled at any time by the said Commissioner of Customs by any writing to that effect, delivered

to any one of the parties who have signed this guarantee, and without assigning any reason for so doing; and unless so cancelled shall be and remain in force from the day of
..... to the
day of One thousand
eight hundred and eighty.....

Dated this day of 188

Signed by the said

in the presence of

SHANGHAI, 188

To

THE COMMISSIONER OF CUSTOMS.

SIR,

PLEASE grant to us permission to discharge the whole of the cargo (Munitions of War and Opium excepted), as specified in the annexed manifest,* from the steamship into

In consideration of your granting to us the General Discharge Permit now applied for, we do hereby guarantee, both personally and as Agents for the said steamship, that none of the goods landed under it shall be delivered or removed from the said without a Stamped Permit from you for so doing; and in the event of any such goods being delivered or removed as aforesaid without any Stamped Permit for so doing, and Duties being due and payable in respect of such goods, we do also hereby guarantee, both personally and as Agents for the said steamship, and for the consideration above stated, to pay to you forthwith all such Duties.

And we do hereby furthermore guarantee that no portion of the cargo, for permission to discharge which application is now made, shall be discharged from the said vessel elsewhere than alongside the Wharf above mentioned.

Agents for the Steamship

*As a matter of fact the Manifest is not handed in with this letter, but upon the arrival of the steamer one copy of the Manifest is sent to the Custom House and two copies to the wharf, one for the Customs officer, the other for the wharfinger.

A.E.H.
D.C.

SHANGHAI, 188

To

THE COMMISSIONER OF CUSTOMS.

SIR,

IN consideration of your granting the General Discharge Permit for the cargo of the steamship
 now applied for by Messrs....., I do hereby personally guarantee that, in the event of any of the goods comprised in such cargo being delivered or removed from without a Stamped Permit having first been obtained for this purpose from you, I will forthwith pay to you all Duties which may be due upon the same.

(Wharfinger's Signature)

SHANGHAI, 188

To

THE COMMISSIONER OF CUSTOMS.

SIR,

Please grant to us, as Agents for the steamship
 *Special Permission* to discharge into Lighters at Woosung such portion of that vessel's cargo (Munitions of War and Opium excepted) as may be necessary to enable her to cross the Bar.

In consideration of your granting to us the Special Permission now applied for, we do hereby guarantee, both personally and as Agents for the said steamship,
 that all the goods discharged under it shall be carried direct to and stored at the Wharf, and there held to your order under the terms of our guarantee, in consideration of which the General Discharge Permit for this steamship has been already issued.

.....
Agents for the Steamship

No.

PERMIT TO LIGHTEN AT WOOSUNG.

Custom House,
SHANGHAI,
188

Date
Applicants
Vessel

Draught of Vessel Feet.
Depth of Water on the Bar,

SPECIAL PERMISSION is hereby granted to
(Messrs.),
Agents) to discharge into
Lighters at Woosung such portion of her Cargo (Munitions of War
and Opium excepted) as may be necessary to enable the vessel to
cross the Bar.

The Cargo for the discharge of which permission is now granted
is to be carried direct to and stored at the
Wharf, and there held to the order of the Commissioner of Customs
under the terms of Messrs.
guarantee, in consideration of which the General Discharge Permit
for this
issued.

Commissioner of Customs.

Customs Activities at Kowloon.

INSPECTORATE GENERAL OF CUSTOMS,

No. 721	Commrs.
<u>Kowloon.</u>	<u>No. 20755</u>

PEKING, 3rd April 1890.

SIR,

1.—Your long and varied experience will enable you to take up the peculiar position of Kowloon Commissioner without difficulty, and while the personal explanations of your predecessor, Mr. Morgan, will in a moment show you how matters now stand, the three years' archives at your disposal will give you full insight into the history of the office and its proceedings; I think it well, however, to provide you with some of the points of view you are to be guided by.

2.—The important position of Hongkong in connection with the distribution in China of opium which has once left India, and its bearing on the collection of Likin at the Treaty Ports under the additional Article were the chief reasons for the re-organization of the Kowloon Customs under a Commissioner: it was to secure Opium Likin that China authorised that arrangement; on the other hand, Hongkong, smarting from the doings of what was called "the blockade" in Chinese hands, made the condition of its co-operation for Opium Likin purposes the re-organisation of the Stations under a Commissioner and similar treatment for Macao, and to effect this it was necessary to take over for Provincial Officials the collection of duty and likin on general cargo passing those Stations in Chinese junks: the Kowloon and Lappa Customs have therefore Provincial as well as Imperial responsibilities; but while Provincial susceptibilities must not be lost sight of in connection with the carrying on of the work taken over from the original occupants of the Stations although time is scattering those occupants and lessening those susceptibilities, it is the pulse of Hongkong that must be most closely watched—seeing that what is principally wanted is Hongkong's co-operation and that Hongkong has much to say respecting its continuance or termination, and, accordingly, while you are expected to cultivate the best relations with both the Provincial Officials and the Hongkong Government, it will for the most part be incumbent on you to induce the former to defer, where possible, to the views of the latter. But over and above this it must be remembered that co-operation may sooner or later chance to be withdrawn, and with an eye to this eventuality both Kowloon and Lappa Customs must aim at making their Stations, etc., work so

well that continued existence will be possible and continued and fuller efficiency certain even if Hongkong and Macao cease to co-operate.

3.—The Kowloon and Lappa Customs are supposed to be located at Kowloon and Lappa, but in point of fact office work is done and duties paid are deposited in Hongkong and Macao, and for the trade concerned as well as for the colonies themselves this is doubtless the most convenient arrangement; the colonial authorities know that this is the case but they shut their eyes to it rather than permit it, and therefore all connected with the Kowloon and Lappa Custom Houses have to sedulously guard against appearing to function on non-Chinese soil, and against taking any action or advancing any claims calculated to displease and of a kind that could be opposed by the colonies: a false step on the part of the Customs and more especially any demand for recognition of Customs' character where it could be refused or any failure to recognise colonial authority where it can operate, would certainly cause trouble and must be guarded against. So far the Colonial officials have shown themselves animated by good feeling, and we have nought to complain of either personally or officially, but—although we ought to aim at making ourselves so efficient at Chinese outlying points as to be able to be independent of these non-Chinese centres—that good feeling must be kept alive and fostered, so as, without being abused, to be always ready to be used, and the more clearly they learn to see that our presence in Hongkong and Macao is, though anomalous, the best thing for all concerned, the better for work, for trade, for revenue and for relations.

4.—In connection with the collection of duty on the cargoes of Chinese junks I should call your attention to the fact that we have not yet driven the agents of the farmers of special taxes from all the Stations; whenever opportunity offers for getting rid of them it should be availed of as it is desirable to have none but our own people at such points, as well as inexpedient, and calculated to embroil us with the colonies, to have such semi-official outsiders examining, taxing, and delaying junks, etc., but provincial officials' feeling in this matter cannot be ignored by us and it will support the farmers so long as colonial outcry does not force the Yamén to require the Provincials to withdraw them.

5.—It is of course opium that chiefly interests us for the moment, and it is to the prevention of opium smuggling that our efforts must mainly be directed. The doings of the opium farmer and Hongkong legislation in that connection must be watched, and

occasionally the Hongkong Government must be requested to take steps to improve the quality of its co-operation. The River steamers and junks will continue to carry smuggled opium in small quantities, but they do not smuggle forcibly and they are always open to search, etc. The carriers of opium by land, however, and the armed bands that hang about Kowloon to convoy such carriers, must be dealt with smartly; it does not suffice to punish gambling and unknown owners by simply confiscating their opium when seized, but it is also necessary to make their open agents, the carriers, suffer in person, and one way of doing this is to arrest and deliver them to the Chinese authorities to be severely dealt with: to work effectually, the frontier guard must be strengthened and some co-operation arranged for with the military authorities in Chinese Kowloon. While just now devoting attention chiefly to opium, it will also be well to remember that, as that commodity may decline in importance, we should try to make the other half of our work—the collection of duty, etc., on general cargo in Chinese junks—so conspicuously excellent that even the disappearance of opium will not withdraw from us the Kowloon and Lappa Customs.

6.—As for the frontier guard it would in many ways be politic to employ only British subjects in charge of the Chinese braves, seeing that the other side of the frontier is British; but the readiness of unfriendly people to initiate proceedings against the extraterritorialised British employés of the Chinese Government and the ease with which lawyers at Hongkong can provide plaints and force arrests are such serious considerations of another kind that it will be best to make such arrangements as will never find British subjects detailed for frontier guard duty.

7.—The steam launches are intended primarily to supplement the stations and are not for distant expeditions or for providing landing parties, and care should be taken to place reliable men in charge and to see that they know their work; at the same time on special occasions and under special circumstances and for special reasons the Commissioner has authority to make special use of them.

8.—The sea-going cruisers are for the most part cared for and paid through the Kowloon Customs, but the use each is to be put to is from time to time made the subject of special instructions from Peking. You will take pains to see that the vessels are in all respects kept in serviceable condition and that officers and men are what we want.

9.—A site has been acquired at Lai-chee-kok for residences, offices, etc., but I am unwilling to make any move to it so long as we can carry on where we are, for while the present way of working is most convenient for the public and the least likely to harass trade, the expenditure a change would necessitate promises to be larger than it would be convenient to meet in a single payment. This matter must, however, be carefully looked into by you when you know the place better, for the colony may turn us out some day and we must not be taken unawares or unprepared.

10.—The question of Lights has been a subject of correspondence, and the understanding is that if the colony puts a first class light on the Gap Rock, we will do likewise on Waglan. When the Gap Rock work is actually begun on the site itself, the fact is to be reported to me for the information of the Yamén, and when it is completed I should like to have a description of the building and light and also a statement of its cost.

11.—The Kowloon and Lappa collections are remitted monthly, and the Kowloon Commissioner takes the cheques to Canton. These monthly trips should enable him to keep touch with the Viceroy, Hoppo, and other Canton officials, and to arrange in person with them for any matter requiring consideration or co-operation.

12.—The Canton, Kowloon, and Lappa Commissioners are expected to work together, both well, willingly and cordially, but the existence of local and colonial jealousies makes it advisable for each to keep in his own territory, and in it he is to do his best to support his colleagues; more especially is it important that *mutatis mutandis* there should be uniformity in their way of handling the same questions *vis-à-vis* the colonies.

13.—Without co-operation from Hongkong and Macao the introduction of the simultaneous collection of duty and likin on opium would have been a very doubtful experiment; without Macao's co-operation, we could not get Hongkong's, and neither Macao nor Hongkong would co-operate unless the stations were placed under the Inspectorate; on the other hand, had there been no special reason for securing the co-operation of Hongkong and Macao, the Yamén would not have transferred the stations to us; having now got the stations we must handle them in such a way as to be able to be independent of Hongkong and Macao should they withdraw their co-operation, and also in such a way as to be able to retain them should the disappearance of Indian opium make colonial co-operation valueless. As it is we have succeeded fairly well all along

the line, and I am sure that in your very competent hands the excellent work commenced by Mr. Morgan will move along on the same lines and towards the development I have been sketching.

14.—Finally, you must keep me well and quickly informed by despatches, telegrams, and semi-official and private letters, of all occurrences in your district and of every matter likely to concern the Inspectorate. Letters will be addressed to you *C/o Post Office*, and telegrams for yourself (as Kowloon Commissioner) will continue to be sent to "Code" Hongkong: make your arrangements and register accordingly.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

J. McLEAVY BROWN, Esquire,
Commissioner of Customs,
 KOWLOON.

Memorandum on Kowloon and Lappa Customs.

INSPECTORATE GENERAL OF CUSTOMS,

No. 1370 Commrs.
Kowloon. No. 27857.

PEKING, 29th March 1894.

Append. I append a Memorandum on affairs at Kowloon and Lappa for your careful consideration and have to instruct you to keep its suggestions in view and act accordingly.

I am, etc.,

(signed) ROBERT HART,

Inspector General.

H. E. HOBSON, Esquire,
Commissioner of Customs,
 KOWLOON.

APPEND.

Memo: re Kowloon and Lappa Customs.

1.—When Opium Duty and Likin simultaneous collection was resolved on it was supposed that leakage at Hongkong would encourage coast smuggling and make treaty port collection impossible: Hongkong has therefore to be treated with.

2.—Afraid lest restrictive action at Hongkong should damage it and benefit Macao, Hongkong stipulated for similar action at Macao: Macao had therefore to be first secured.

3.—Macao's co-operation was secured and Hongkong then consented to do likewise. Since which time simultaneous collection has gone on easily at the ports, there is no coast smuggling (properly so called), and the relations at Hongkong and Macao have never become strained. It has however become apparent that the co-operation at both places is not of a kind to stop the smuggling thence by Chinese and calls for reform, and also that even were co-operation wholly withdrawn revenue work along the coast would not be thereby made more difficult while as a matter of fact it would be simplified as far as Hongkong and Macao are concerned.

4.—But, were co-operation withdrawn, it is probable that the local authorities would resume control of the stations and that our offices would have to be closed: at the same time I think that the withdrawal of co-operation could be made to appear to the Yamēn a still greater reason for our continued presence at the stations, and that we might even gain strength and work more efficiently thereafter.

5.—For the present however it is desirable to keep things quiet and neither invite nor precipitate change.

6.—Accordingly the key-note for all matters must be to preserve and cultivate friendly terms with the two colonies: the amount of revenue collected is a secondary consideration, although it would be preferable to see it increasing.

7.—There is no desire on the part of China to cripple or create difficulties for either place, and their prosperity can do China no harm—in fact their legitimate improvements can only be useful to China and will cause no ill-feeling. The Kowloon and Lappa Commissioners are therefore to keep this in view and are to help all proper colonial expansion rather than thwart it.

8.—It must however always be remembered that an accident may happen and that one or other colony may, without withdrawing co-operation, require us either to remove our offices or to live elsewhere. It is far more convenient for traders, and far better for

colonial interests, that we should remain where we are—live in the colony and have our offices there too, but if required to move we shall have to do so and a definite plan of proceeding ought to be thought out and put upon paper in each office so that should the change occur on the arrival of any incoming Commissioner he may know how to act and avoid mistakes from the very first. Hongkong has promised to give us sufficient notice—say six months—should our departure be required, and I presume Macao will do likewise; but the places and surroundings are different and different arrangements would accordingly be called for. How to house the staff outside of colonial limits and how to provide for office accommodation are the main points for each Commissioner to be ready for: the subsequent policy of the Customs there will be then made the subject of special instructions from Peking. The Kowloon Customs already possess ground enough and some buildings have been put up, but at Lappa the question is more complicated and requires further study—*e.g.*, which is the best place for residences and offices, outside the Barrier on the Heangshan side, or on the Lappa? And for what sum can adequate accommodation be provided—of the barrack room type, and convenient enough for an entirely bachelor staff?

9.—If forced to leave our present residences and offices, future policy will have nothing of the nature of reprisals in it, but our withdrawal will have to be complete and our arrangements for stopping smuggling at both places will have to be of the strongest and most perfect kind.

10.—Meantime each Commissioner should endeavour to do all that is possible locally to study the smuggling organizations and practices of each place, and in particular to induce the Government to make its co-operation more real and effective: the Government farmer is in fact the chief smuggler and his place the centre of all smuggling operations at both places—can nothing be done to either lessen the number of chests he is allowed monthly, oblige him to boil all he takes, force him to send abroad all that is not required for the colony's own consumption, and prevent his boats and employés from communicating with fishing boats and small craft not called on to report at the stations? And can nothing be done to improve the manner of taking stock everywhere and moving opium inside the colony ashore and afloat? On all these points full memoranda ought to be drawn up, and, to secure their being ready at hand for consultation, copies sent here.

(signed) ROBERT HART.

29th March 1894.

Opium confiscated by Hongkong Police released by Governor.

No. 2608

KOWLOON, 21st August 1894.

SIR,

On the 6th June last the Managing Directors of the Hongkong Opium Farm were charged at the Police Court by Constable Samuel Pepper of the Water Police Force, with having unlawfully removed four chests of Patna Opium during prohibited hours, and Mr. H. E. Wodehouse, the presiding magistrate, considering the charge proven inflicted a fine of \$250 and ordered the confiscation of the opium. Against this decision the Opium Farm Directors appealed and from the newspaper extracts which I have the honour to enclose herewith for your perusal, you will learn that on the 25th ultimo the Supreme Court dismissed the appeal with costs and confirmed the Magistrate's decision. One would have thought that this decision finally disposed of the case, but on the 13th instant my attention was drawn to the following remarks in the Hongkong Telegraph of that date:

"We are glad to hear that the four cases of Opium confiscated in the recent case of Police Constable Pepper *v.* the Opium Farmer have been returned to the Farmer this morning by instruction from His Excellency the Governor."

Having made due enquiry and finding that the above newspaper statement is correct, *i.e.*, that the Opium has been returned, I have concluded that the case is one of sufficient interest and importance to bring to your special notice.

In the preliminary proceedings before the magistrate it came out in evidence that the four chests of Patna when detained by Constable Pepper were "unfastened," and were being conveyed in an unnumbered boat, and yet His Excellency the Governor has thought fit to overrule the Supreme Court finding so far as the confiscation of the drug is concerned, and to approve of a fine of \$250 only. His leniency is ascribable most probably to the fact that the Colonial Government are at the moment advertising for new tenders for the purchase of the privileges known as the Opium Farm, and that under the circumstances, His Excellency is of opinion that the time is inopportune for carrying out strict legal measures against those who set at nought the Opium Ordinance Stipulations of 1887 and 1891.

I am, etc.,

(signed) H. E. HOBSON,
Commissioner.

Opium removed during prohibited hours:
Reporting particulars in connection with case of.

V. Opium Archives Commr's Office.

Articles 7 and 8 from the Agreement for the Chinese Imperial Government 5 per cent Sterling Loan of 1896.*

7.—This entire loan of sixteen million pounds, subject to previous loans charged on the same security and not yet redeemed, shall be charged on the Imperial Maritime Customs Revenue of China and shall have priority both regarding principal and interest over all future loans, charges and mortgages so long as this loan or any part thereof shall be unredeemed. No loan, charge or mortgage shall be raised or created which shall take precedence of or be on equality with this loan or which shall in any manner lessen or impair its security over the said Customs Revenue so far as required for the annual service of this loan and any future loan charge or mortgage charged on the said Customs revenue shall be made subject to this loan and it shall be so expressed in every agreement for any such future loan charge or mortgage. In the event of the Imperial Maritime Customs Revenue of China, at any time proving insufficient to support the service of the interest or repayment of the principal of this loan the Imperial Chinese Government will provide the funds required for the same from other sources. The administration of the Imperial Maritime Customs of China shall continue as at present constituted, during the currency of this loan.

8.—This loan shall be further secured by Customs Bonds for the total amount in Sterling of the loan principal and interest, issued and sealed by the Tsung-li-yamen and the Board of Revenue, Peking, and countersigned by the Inspector General of Customs and all such Customs Bonds shall contain the priority clause number seven of this Agreement. These Customs bonds shall be handed in equal shares to the Imperial German Legation, Peking, and the Hongkong and Shanghai Banking Corporation before payment to the Chinese Government of the proceeds of the loan.

Memorandum by Sir Robert Hart proposing the conversion of the Haikuan Tael into a Gold Unit: March 1896.†

1.—When Treaty relations were first entered on in Tao Kwang's time a Tariff was established for the collection of Duties on Imports and Exports and the amounts to be paid were expressed in silver taels. Treaties were again negotiated in Hien Fung's time and the

* "Treaties and Agreements with and concerning China, 1894-1919" (MacMurray), 2 vols., Washington, 1921; vol. i, p. 57.

† This memorandum was handed personally by H.E. Li Hung Chang to the authorities concerned in Russia, Germany, France, Great Britain, and the United States of America when he made his tour round the world in 1896.

Tariff was revised, but, although various changes were introduced, the Tariff remained much the same as before, and the silver tael was again the designation used for the money in which Duties were made payable in China; in determining the number of taels or fractions of taels to be inserted as the Duty to be paid by any specified commodity, what the Foreign negotiator chiefly had in view was a certain fixed amount in Foreign coin with which the tael amount was then supposed to accord.

2.—Since those days, however, silver has been changing its character: it can no longer be said to hold the same position as *money*, and it is not only more and more becoming an ordinary item amongst the many items of merchandise, but is less and less valuable as compared with all other items, so that the Tariff silver tael of to-day no longer retains the exchange value it showed when Tariffs were first arranged. In the time of Tung Chih three Customs taels could purchase the equivalent of an English pound sterling in all money markets, but during the last 20 years it has gone lower and lower, so that now it takes from six to seven silver taels to purchase one pound or its money equivalents, thus causing a loss to China of from 50 to 60 per cent.

3.—At first the depreciation was comparatively trifling and was supposed to be the result of some temporary derangement which would soon right itself, but not only has depreciation continued but increased, and it is now evident that silver is no more what it was and that the Tariff unit, the Haikwan tael of to-day, is not now what it was intended and ought still to be, the third of a pound sterling; this fact is of itself enough to justify action in the matter, but other circumstances have come into existence which make action imperative: during the last 20 years China has established Legations abroad—has been purchasing machinery, building ships, initiating various works involving long and continual expenditure abroad,—and has been going to the Foreign money market for loans, which have to be expressed in pounds sterling or the equivalent, and all this while the very same money which China has been receiving for Duties, as if three Customs taels still made a pound, has to be paid out to Foreigners at the rate of from six to seven taels for every pound! The loss is great; it is becoming too great to be silent about; it is making itself felt to too serious an extent to be borne; and both the necessities of the day and considerations of what is fair and right demand that the original value of the Customs tael be re-enunciated and that the value of silver at which China consented to collect Duties, viz., three taels to the pound, be observed and adhered to.

4.—The matter is not one requiring either revision of Treaty or disturbance of Tariff, and as a matter of fact the Tariff as a whole is so light that to require its application in sterling not only accords with its fundamental idea of *ad valorem* Duties, but can be no hardship to anybody, while it is besides what China is entitled to. But in order to avoid the inconvenience of unexpected changes, the relative value of the Tariff tael and the pound sterling ought to hold good, say, for a whole year for Revenue purposes and ought to be fixed and published in advance. Hitherto 1,000 Customs taels have equalled 1,114 Shanghai taels, and when the Tariffs were negotiated their equivalent in gold was £333 6s. 8d., that is, while one Customs tael equalled 80 pence, the Shanghai tael equalled $71\frac{3}{4}$ pence; but the average value of the Shanghai tael during the last 12 months has been per tael not quite 36 pence, and accordingly there has been a loss of 36 pence on every Shanghai tael paid in as Duty, and therefore, to make up silver enough to buy 80 pence, the sum of at least 2,222 Shanghai taels is required. The arrangement proposed for 1897 is therefore this:—

- (a.) Duties may be paid in gold—in sycee—or in Foreign coins.
- (b.) If paid in gold, one gold pound remains, as at first, the equivalent of three Customs taels: fractions to be calculated accordingly.
- (c.) If paid in sycee, 2,228 taels of Shanghai sycee are the equivalent of 1,000 Customs taels: fractions to be calculated accordingly.
- (d.) If paid in Foreign coins, then as much of them as will suffice to buy a proportionate quantity of Shanghai sycee equal to the Customs taels payable: fractions to be calculated accordingly.

In this way the figures of the existing Tariff will stand untouched—goods will pay according to the Customs tael and at its original rate—the Customs tael and the gold pound will stand in the same relation as before. Commencing thus with 1897, the rate for every subsequent year will be published six months in advance, so that all may know beforehand and inconvenience be avoided.

1.—Lorsque les Traités amenèrent les premières relations, du temps de Tao Kwang, un Tarif fut établi pour le prélèvement de Droits sur les marchandises importées ou exportées et les sommes

à payer furent désignées en taëls d'argent. Des Traités furent de nouveau négociés du temps de Hien Fung et le Tarif fut révisé, mais, quoique divers changements furent introduits, le Tarif resta à peu près le même, et le taël d'argent fut de nouveau la désignation employée pour la monnaie en laquelle les Droits devaient être payés en Chine; en déterminant le nombre de taëls ou de fractions de taël à être insérés comme Droits à payer sur une marchandise spécifiée quelconque, ce que le négociateur étranger avait surtout en vue, c'était une certaine somme fixe en monnaie étrangère avec laquelle la valeur du taël était alors supposée s'accorder.

2.—Toutefois, depuis lors, l'argent a peu à peu changé son caractère: on ne peut plus dire qu'il conserve la même position comme *monnaie*, et non-seulement il devient de plus en plus un article ordinaire parmi les divers articles de marchandise mais sa valeur devient aussi de moins en moins grande comparativement à tous les autres articles, de sorte que, aujourd'hui, le taël d'argent du Tarif n'a plus la valeur échangeable qu'il possédait au commencement lorsque les Tarifs furent arrangés. Du temps de Tung Chih trois taëls de douane pouvaient acheter l'équivalent d'une livre sterling anglaise sur tous les marchés monétaires, mais depuis ces 20 dernières années il est tombé de plus en plus bas, de sorte que maintenant il faut de six à sept taëls d'argent pour acheter une livre sterling ou son équivalent monétaire, causant ainsi à la Chine une perte de 50 à 60 pour cent.

3.—Au commencement la dépréciation était comparativement légère et était supposée être le résultat de quelque dérangement temporaire qui bientôt se remettrait de lui-même, mais non-seulement la dépréciation a continué mais elle a augmenté, et il est maintenant bien évident que l'argent n'est plus ce qu'il était et que l'unité du Tarif, le Haikuan taël d'aujourd'hui, n'est plus ce qu'on avait voulu qu'il fût et ce qu'il devrait être encore, c'est-à-dire, le tiers d'une livre sterling; ce fait est en lui-même suffisant pour justifier toute action en cette affaire, mais d'autres circonstances ont surgi qui rendent l'action impérative: depuis ces 20 dernières années la Chine a établi des Légations à l'étranger, elle a acheté des machines, construit des navires elle a pris l'initiative de travaux divers entraînant de longues et continues dépenses à l'étranger, et elle s'est adressée aux marchés étrangers pour ses emprunts, qui doivent être exprimés en livres sterling ou leur équivalent, et pendant ce temps-là, ce même argent, que la Chine a continué à recevoir pour ses Droits de douane, comme si trois taëls de douane faisaient toujours une livre, doit être payé aux étrangers au taux de six à sept taëls par

livre! La perte est grande; elle devient trop grande pour qu'on puisse garder le silence à son sujet; elle se fait sentir trop sérieusement pour qu'on puisse la supporter; et les besoins du jour en même temps que la considération de ce qui est honnête et juste demandent que la valeur première du taël de douane soit énoncée à nouveau et que le taux de l'argent auquel la Chine consentit à prélever les Droits, à savoir, trois taëls à la livre, soit observé et maintenu.

4.—La question n'est pas de celles qui exigent la révision des Traité ou un dérangement du Tarif, et il est un fait positif que le Tarif dans son ensemble est si léger que requérir son application en sterling s'accorde non-seulement avec son idée fondamentale de Droits *ad valorem*, mais ne peut être un fardeau pour personne, tout en étant, d'ailleurs, ce à quoi la Chine a droit. Mais, afin d'éviter les inconvenients de changements inattendus, la valeur relative du taël du Tarif et de la livre sterling devrait être stable, soit, pour une année entière pour les besoins du Revenu et devrait être fixée et publiée à l'avance. Jusqu'ici 1,000 taëls de douane ont égalé 1,114 taëls de Shanghai, et quand les Tarifs furent négociés leur équivalent en or était £333 6s. 8d., c'est-à-dire, que pendant qu'un taël de douane égalait 80 pence, le taël de Shanghai en valait $71\frac{3}{4}$; mais la valeur moyenne du taël de Shanghai pendant les derniers 12 mois a été un peu moins de 36 pence par taël, et par conséquent il y a eu une perte de 36 pence sur chaque taël de Shanghai payé pour Droits de douane, donc, pour amasser assez d'argent pour acheter 80 pence, il faudrait au moins la somme de 2.222 taëls de Shanghai. En conséquence, l'arrangement proposé pour 1897 est le suivant:—

- (a.) Les droits pourront être payés en or—en sycee—ou en monnaie étrangère.
- (b.) S'ils sont payés en or, une livre sterling demeurera, comme dès le principe, l'équivalent de trois taëls de douane: les fractions seront calculées en proportion.
- (c.) S'ils sont payés en sycee, 2,228 taëls de Shanghai seront l'équivalent de 1,000 taëls de douane: les fractions seront calculées en proportion.
- (d.) S'ils sont payés en monnaie étrangère, alors il faudra de celle-ci la quantité qui suffira à acheter une quantité proportionnée de sycee de Shanghai égale aux taëls de douane à payer: les fractions seront calculées en proportion.

De cette manière les chiffres du Tarif en existence resteront intacts—les marchandises payeront d'après le taël de douane et à son taux originel—le taël de douane et la livre sterling resteront dans le même rapport qu'auparavant. Donc, chaque année, à partir de 1897, le taux pour l'année suivante sera publié six mois à l'avance, de manière à ce que tout le monde soit prévenu et que des inconvenients soient évités.

1.—Als zur Zeit Tao Kwang's zum ersten male ein Vertrag vereinbart wurde, setzte man einen Tarif fest für die Erhebung von Einfuhr- und Ausfuhrzöllen, deren Beträge in Silber angegeben waren. Verträge wurden von neuem zur Zeit Hien Fung's geschlossen, und der Tarif einer Revision unterworfen. Aber trotzdem verschiedene Änderungen vorgenommen, so blieb derselbe ungefähr der frühere, und der Silbertael war wiederum als die Geldart bezeichnet, in welcher die Zölle in China erhoben werden sollten. Bei der Festsetzung der Anzahl von Taels oder Bruchtheilen derselben als Zoll auf irgend einen Handelsartikel, war seitens des ausländischen Unterhändlers vor allem an eine bestimmte Summe in ausländischem Gelde gedacht, welcher der in Taels ausgedrückte Betrag entsprechen sollte.

2.—Seit jener Zeit ist Silber nicht mehr das was es war. Es kann von demselben nicht ferner behauptet werden, dass es als Geld dieselbe Stellung einnimmt, und nicht nur wird es mehr und mehr ein gewöhnlicher Handelsartikel wie viele andere, sondern sinkt weiter und weiter im Werthe im Vergleich zu allen übrigen Gegenständen. Der Silbertael des Tarifs besitzt somit heute nicht mehr den Umtauschwerth, welchen er zur Zeit der Festsetzung der Tarife beanspruchte. Zur Zeit Tung Chih's genügten drei Zolltaels, um auf allen Geldmärkten das Equivalent eines englischen Pfund Sterling zu kaufen, aber während der letzten zwanzig Jahre ist der Zolltael im Werth weiter und weiter gesunken und es sind jetzt sechs bis sieben Silbertaels erforderlich, um ein Pfund Sterling oder das Equivalent desselben in anderm Gelde zu kaufen. Dieses bedeutet für China einen Verlust von 50 bis 60 Prozent.

3.—Anfangs war die Entwertung verhältnissmäßig unbedeutend und wurde als die Folge einer zeitweiligen Verschiebung von Umständen angesehen, welche bald ihr altes Gleichgewicht wiedererlangen würden, aber nicht nur dauerte die Entwertung fort, sondern sie nahm zu und ist es nunmehr offenbar, dass Silber

nicht mehr das ist was es früher gewesen, und dass die Einheit der Tarifsätze, der Haikuan Tael, heutigentags nicht mehr dem entspricht, was beabsichtigt und was er noch sein sollte, nämlich ein Drittel eines Pfund Sterling. Diese Thatsache ist an und für sich hinreichend, um Schritte in dieser Angelegenheit zu rechtfertigen, aber andere Umstände sind hinzugereten, die ein Einschreiten dringend gebieten. Während der letzten zwanzig Jahre hat China im Auslande Gesandtschaften unterhalten, Maschinen gekauft, Schiffe gebaut und mancherlei Anlagen in's Leben gerufen, die langwährende, fortgesetzte Ausgaben mit sich brachten, es hat sich an die ausländischen Geldmärkte gewandt, um Anleihen aufzunehmen, die in Pfund Sterling oder dem Equivalent desselben in anderem Gelde verrechnet werden. Und all dieses, während ebendasselbe Geld, welches China für Zölle vereinnahmte, als ob drei Taels noch immer auf das Pfund gingen, zu einem Course von sechs bis sieben Taels für das Pfund an Ausländer bezahlt wurde! Der Verlust ist gross. Er wird zu gross, um ihn mit Stillschweigen zu übergehn und macht sich zu gewichtig fühlbar, um ihn länger zu ertragen. Sowohl die Anforderungen der Jetztzeit als auch die Erwägung von dem was recht und billig ist, erheischen die Wiederannahme des ursprünglichen Werthes des Zolltaels und dass der Werth des Silbers, zu dem China sich verstanden hatte den Zoll zu erheben, nämlich drei Taels für das Pfund, beibehalten würde.

4.—Die Angelegenheit erfordert weder eine Revision des Vertrags noch Aenderung des Tarifs, und in der That ist letzterer im ganzen genommen so niedrig, dass ein in Kraft treten desselben in Sterling nicht nur im Einklang ist mit der ihm zu Grunde liegenden Idee eines Zolles vom Werth, sondern auch Niemandem beschwerlich fallen dürfte und China das gewährte, wozu es berechtigt ist. Um jedoch den in Folge wechselnder Werthe sich ergebenden Unzuträglichkeiten aus dem Wege zu gehn, müsste das Verhältniss des Tariftaels zu einem Pfund Sterling, soweit Zollerhebungen in Betracht kommen, für, sage, ein volles Jahr Giltigkeit erhalten und sollte im voraus festgestellt und veröffentlicht werden. Bisher waren 1,000 Zolltaels gleich 1,114 Shanghai Taels und zur Zeit der Tarifunterhandlungen war der equivalente Werth der ersten in Gold £333 6s. 8d., oder, in anderen Worten, wenn ein Zolltael 80 Pence werth war, so war der Shanghai Tael $71\frac{3}{4}$ Pence werth. Der Durchschnittswerth des Shanghai Taels während der letzten zwölf Monate war jedoch per Tael nicht ganz 36 Pence, so dass demgemäß ein Verlust von 36 Pence auf jeden Shanghai Tael, der als Zoll vereinnahmt wurde, stattgefunden hat. Um mit Silber

80 Pence zu kaufen, bedurfte es einer Summe von wenigstens Shanghai Taels 2.222. Das für das Jahr 1897 vorgeschlagene Arrangement ist somit das folgende:

- (a.) Die Zölle können entweder in Gold, in Silber (Sycee) oder in ausländischem Geld entrichtet werden.
- (b.) Erfolgt die Zahlung in Gold, so entsprechen einem Pfund in Gold, wie anfänglich beabsichtigt, drei Zolltaels. Bruchtheile sind hiernach zu berechnen.
- (c.) Erfolgt die Zahlung in Silber (Sycee), so entsprechen 2,228 Taels Shanghai Silber 1,000 Zolltaels. Bruchtheile sind hiernach zu berechnen.
- (d.) Erfolgt die Zahlung in ausländischem Geld, so entspricht den zu bezahlenden Zolltaels diejenige Summe des ersteren, welche genügt eine den letzteren proportionelle Quantität Shanghai Silber zu kaufen. Bruchtheile sind hiernach zu berechnen.

Auf diese Art bleiben die Zahlen des bestehenden Tarifs unverändert. Der Zoll wird in Zolltaels zu ihrem ursprünglichen Course erhoben werden. Der Zolltael und das Gold Pfund werden in ihrem ehemaligen Verhältniss zu einander stehn. Indem somit mit dem Jahre 1897 der Anfang gemacht, würde das Werthverhältniss für jedes folgende Jahr sechs Monate im voraus veröffentlicht werden, so dass Jedermann unterrichtet sein wird und Ungelegenheiten vermieden werden.

節 略

溯查道光年間初與外國訂約通商之時進出口貨物宜納稅若干曾經明訂稅則迨咸豐年間復與外國議約將稅則加修量與更改惟舊約之大致尚存而各貨宜完之稅仍以關平紋銀爲準稅則所載之大小銀數固係以彼時銀價行市與各國通寶比衡而定也其後銀勢漸次更變若以各國互交之通寶論之則大不如從前之貴重若以貨物論之則近來非特與百貨相等且以銀易貨而所得之貨逐年見少故今日各關所收之稅項雖仍以關平紋銀徵納而論其匯兌之價與置貨之力均遠遜於初訂稅則之時查同治年間各關所收之稅銀叁兩可購壹英金磅惟自光緒年間以來銀價跌落以致欲購壹磅非陸柒兩不可是中國與各國交易若須償還金磅則受虧至伍陸成之多矣中國如此受虧初以爲不過一時之變遷將來必有挽回之日原可無庸理論不意現今銀價降落爲日已久難望復元而稅則所載之關平紋銀各數雖係原計以叁兩換壹英磅然現所入各稅與原議更加懸殊卽此一節觀之本應改正况此外近來猶有新出之事與銀價升降甚有關繫不可不急行舉辦緣二十年來中國與外國交涉之事尤爲繁多卽如

派出使大臣駐劄各國與購買外國機器製造輪船創設西法諸局皆須在外國購辦物件使用金磅又有向洋商議借洋款事事均用金磅而中國所進之項應得之壹金磅仍祇得稅銀參兩償還時應給之壹金磅則須增給稅銀至陸柒兩之多方可抵數所虧甚鉅勢已急迫未便緘默不言亦不可再爲擔代况現在時勢多艱餉源竭蹶異常揆情度理稅則所載關平銀之原議亟宜復行伸說俾與中國初允參兩合壹金磅徵稅之原數相符此事無庸修改條約亦無煩復訂稅則稅則各稅本屬格外輕寬現以金磅爲率不過仍本值百抽若干之初意與商情無所妨礙不得謂爲中國另得之益實係爲中國應防之損惟商人赴關納稅所使之銀兌合金磅若干時有變更則應隨時將銀價適中核定作爲竟年完稅之準衡並預爲定期曉諭知悉以免偶改致與商情未便查向來關平銀壹千兩卽合上海規銀壹千壹百拾肆兩前商訂稅則之時關平銀壹千兩可兌換英金磅叁百叁拾叁磅陸西林捌別力規銀壹千壹百拾肆兩亦然是關平銀壹兩可兌換英金捌拾別力規銀壹兩可兌換英金柒拾壹別力叁法丁有零道光咸豐同治各年其兌換金磅數亦相同迨光緒年間銀

價日落以致上年規銀壹兩兌換不及叁拾陸別力之數以金價論之則每收規銀壹兩少收別力約有叁拾

陸箇之多若擬補足關平銀壹千兩之原價則規銀壹千壹百拾肆兩之原數不敷須增至貳千貳百貳拾餘

兩方可相抵足見此事亟應舉辦方得其平現擬章程四條作爲光緒二十三年完稅之標準合特開列於後

一赴關納稅者或用金磅或用紋銀或用洋錢均聽其便

一如用金磅納稅卽照稅則原價以壹金磅作爲關平銀叁兩核計奇數照此核算

一如用紋銀納稅須以規銀貳千貳百貳拾捌兩合關平銀壹千兩核計奇數照此核算

一若用洋錢納稅須以應用洋錢若干折成規銀若干方足抵關平銀若干以此核計奇數照此核算

如此辦理則稅則原載各數均無庸更改卽各貨仍可照稅則納稅而所納之稅與初訂稅則時金銀之原價

亦覺相符此則光緒二十三年之標準至嗣後每年更訂之合兌行市應先期六箇月議定出示曉諭以期預

爲知會不致與商情有礙

Articles 6, 7, and 8 of the Agreement for the Chinese Imperial Government 4½ per cent Gold Loan of 1898.*

6.—This entire loan of Sixteen Million pounds sterling shall be secured as follows:

(1) By a charge on the revenues of the Imperial Maritime Customs of China, subject to previous loans already charged on the security thereof and not yet redeemed.

(2) By a first charge, free from all encumbrances, upon the following revenues to be forthwith placed under the control of the Inspector General of Maritime Customs:

General Lekin of Soochow, estimated at	Tls.	800,000
General Lekin of Sung Hu, estimated at		1,200,000
General Lekin of Kiukiang, estimated at		200,000
General Lekin of Eastern Chekiang, estimated at		1,000,000
Salt Lekin of Ichang, estimated at.....		1,000,000
Salt Lekin of Hupeh, estimated at.....		500,000
Salt Lekin of Anhui, estimated at		300,000

Total five million taels.	Tls. 5,000,000
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This entire loan of Sixteen million pounds Sterling shall have priority, both as regards principal and interest, over all future loans, charges or mortgages, so long as this loan or any part thereof shall be unredeemed. No loan, charge or mortgage shall be raised or created which shall take precedence of or be on an equality with this loan, or which shall in any manner lessen or impair its security over the said Customs and lekin revenues, so far as required for the Annual Service of this loan, and any future loan, charge or mortgage charged on the said Customs or lekin revenue shall be made subject to this loan, and it shall be so expressed in every Agreement for any such future loan, charge or mortgage.

The Chinese Imperial Government undertake that the administration of the Chinese Imperial Maritime Customs service shall remain as at present constituted during the currency of this loan.

In the event of the Customs and lekin revenues specified and pledged by this clause being at any future time insufficient for the service of principal and interest of this loan, either owing to depreciation of Silver, diminution of revenue or any other cause the Chinese Imperial Government hereby engages to appropriate, and

* MacMurray, *op. cit.*, vol. i, pp. 108–110.

forthwith place under the control of the Inspector General of Maritime Customs, further revenues sufficient to complete the amount required.

In the event of the Chinese Government, during the currency of this loan, entering upon negotiations for a revision of Customs tariff accompanied by stipulations for decrease or abolition of lekin, it is hereby agreed, on the one hand, that such revision shall not be barred by the fact that this loan is secured by lekin and, on the other hand, that whatever lekin is pledged for the service of this loan shall neither be decreased nor abolished except by arrangement with the Banks and then only in so far as an equivalent is substituted for it in the shape of a first charge upon the increase of Customs revenue consequent on such revision.

7.—This loan shall be further secured by Customs/lekin Annual Bonds for the total amount in sterling of the loan, principal and interest, issued and sealed by the Tsungli Yamen and the Board of Revenue Peking, and countersigned by the Inspector General of Maritime Customs, and all such Customs/lekin Annual Bonds shall contain the Clause No. 6 of this Agreement from its commencement as far as the words: "for any such future loan charge or mortgage". These Customs/lekin Annual Bonds shall be handed in equal shares to the Hongkong and Shanghai Banking Corporation and the Deutsch-Asiatische Bank before payment to the Chinese Imperial Government of the proceeds of the loan.

8.—This loan shall also be further secured by deposit with the Hongkong and Shanghai Banking Corporation and Deutsch-Asiatische Bank of sterling Customs/lekin monthly Bonds equal in value altogether to the total amount of the loan, principal and interest, sealed by the Chinese Superintendent of Customs at Shanghai and by the Viceroy of the Liang-kiang Provinces, and countersigned by the Foreign Commissioner of Customs at Shanghai. These Customs/lekin monthly Bonds shall be handed to the Hongkong and Shanghai Banking Corporation and Deutsch-Asiatische Bank at their Branches at Shanghai in equal shares on or before the first day of June next and, in the event of the money to meet a payment of interest and/or sinking fund not being handed to the Hongkong and Shanghai Banking Corporation and Deutsch-Asiatische Bank at their Branches at Shanghai on due date shall be available everywhere in China for payment of Imperial Maritime Customs duties and/or lekin dues or in such other manner as stated in the Bonds and the Provincial Authorities shall be instructed by Imperial Edict accordingly.

Despatches from the Tsungli Yamēn to Sir Claude MacDonald,
 undertaking that the Inspector General of Customs
 shall be a Britisher so long as British
 trade predominates.*

Kuang Hsü, 24th year, 1st moon, 20th day
(February 10, 1898).

(Translation.)

The Yamēn have the honour to acknowledge the receipt on the 3rd February of a note from the British Minister, to the effect that on the 17th January, when calling at the Yamēn, he had informed the Ministers present that he had received telegraphic instructions from Her Majesty's Government that in view of the immense preponderance of British trade with China over that of other countries, Her Majesty's Government regarded it as vital to the commercial interests of Great Britain that the Inspector-General of Maritime Customs should in the future, as in the past, be of British nationality. The Yamēn had agreed to this, and in order that there might be no room for misunderstanding, the Minister now addressed this note to the Yamēn to place the matter formally on record.

The Yamēn have to observe that ever since the opening of Chinese ports to foreign trade, commerce and revenue have been steadily increasing. The duties paid by British merchants are nearly 80 per cent of the whole amount paid by foreign countries, and, therefore, a British subject (Sir Robert Hart) has been employed as Inspector-General of Maritime Customs.

The said Inspector-General is versed in commercial matters, just in his dealings, experienced and upright, faithful and sincere, a man on whom reliance can be placed, and China has in the past leant much upon him. If he were to ask for leave China must (try to) detain him, but if some cause were to necessitate his returning home, China, thoroughly investigating the trade at the various ports, (and finding that) British merchants are in the majority, will certainly direct the said Inspector-General to recommend an Englishman of equal ability with himself to take charge, and the Yamēn will, after inquiry, appoint him as successor to manage Chinese Customs matters. The object being the protection of

* B.P.P.: China, No. 1, 1899, pp. 18, 19.

commerce at the various ports, (the Yamēn) could not possibly regard this selection as a light matter, and so do injury to important public interests.

The Yamēn beg to make this reply to the British Minister for his information.

They avail themselves, etc.

(SEAL OF YAMĒN.)

*Kuang Hsü, 24th year, 1st moon, 23rd day
(February 13, 1898).*

(Translation.)

The Yamēn have the honour to address the British Minister with regard to the continued employment in the future of an Englishman in succession to the Inspector-General of Maritime Customs, on which subject they addressed a reply to his Excellency a few days ago.

They have to observe that British trade with China exceeds that of all other countries, and, as the Yamēn have frequently agreed and promised, it is intended that as in the past, so in the future, an Englishman shall be employed as Inspector-General.

But if at some future time the trade of some other country at the various Chinese ports should become greater than that of Great Britain, China will then of course not be bound to necessarily employ an Englishman as Inspector-General.

The Yamēn write this further despatch for the information of the British Minister, to be placed on record.

They avail themselves, etc.

(SEAL OF YAMĒN.)

Despatch from Sir Robert Hart to Sir Claude MacDonald on proposed assistance to be rendered by the Hongkong Government to the Chinese Maritime Customs in view of the leasing to Great Britain of the Kowloon Extension.*

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, June 27, 1898.

SIR,

I have the honour to acknowledge receipt of your Excellency's despatch of the 24th June, informing me that you have received a communication from Her Majesty's Secretary of State for Foreign Affairs, asking you, in view of the recent leasing to Great Britain of part of Kowloon peninsula and the adjacent islands, what arrangements the Imperial Maritime Customs of China would propose, and where stations would be placed, and in reply to state in the following numbered paragraphs what, in my opinion, will be necessary in and around Hong Kong and its new territory to safeguard the revenue interests of China, a task which will be made in consequence of the increased area to be looked after, both onerous and expensive.

The proposals are made in the belief that Her Majesty's Government desire to give China liberal and sustained support in the protection of her revenue in that neighbourhood.

1. The right of the Chinese Customs to maintain its office in Hong Kong, where it is now only unofficially acknowledged, ought to be formally admitted, and the status of the Commissioner of Customs as a Chinese official recognised.

The existing sub-stations at Changchow, Capsuimoon, Lai-chee-kok, and Fotochow ought to be maintained as at present, although they are in the leased territory. If it should be found that other stations are required they may be instituted.

2. The Chinese Customs at Hong Kong shall have the right there to collect duty and *li-kin* on any opium and similarly dues and duties on general cargo shipped on any native vessel to or from China. The Customs ought also to have the right to one or more special jetties in proximity to junk anchorages at which cargo may be examined and verified.

* B.P.P.: China, No. 1, 1899, pp. 201, 202.

3. The Chinese Customs cruisers and launches may continue to exercise their functions within the waters of the leased territory.

4. No opium, raw or boiled, shall be landed or stored, taken delivery of, or shipped in Hong Kong, British Kowloon, or any of the leased territory without a permit to be issued by a Colonial authority. Opium moved without permit, or found anywhere or in any quantity in contravention of Colonial Ordinance shall be confiscated.

5. The opium farm, *i.e.*, an official establishment with an exclusive right to retail (only boiled) opium, shall be maintained, and the Ordinances Nos. 22 of 1887, and 21 of 1891, concerning opium movement, etc., shall be confirmed and amended to meet new circumstances, and to make good those points on which they are insufficient.

The boiling establishments of the farm, its retailing shops, and its books and accounts shall be open at any time to the inspection of an officer of the Chinese Customs specially deputed for that purpose.

6. All Ordinances regarding the possession, movement, preparation, or sale of opium in the Colony and its waters, afloat and ashore, shall be rigidly enforced by the Colonial Executive, and its officers rewarded from proceeds of seizures with a view to encouraging zeal.

All proceeds of sale of confiscated goods shall be divided equally between the Chinese and Colonial Governments.

7. No arms, munitions of war, or contraband goods may be shipped on any vessel proceeding to a Chinese port in Hong Kong or its waters, without a permit issued or countersigned by the Chinese Customs.

8. The Hong Kong Government shall pass such legislation as may be necessary to give effect to the above provisions.

The above-numbered paragraphs are put forward merely to represent what I consider it proper should be done at Hong Kong to meet Chinese revenue requirements. I may, however, express the opinion that the system it provides for, and more especially the recognized presence of a fully authorized Chinese Customs at Hong Kong, gives promise of enabling measures to be taken which will make the working of the West River trade, especially at those places of call to seawards of the first port (Samshui) considerably easier than at present; also, of securing arrangements which might

facilitate the trade anticipated to grow up under the new inland steam navigation rules. In both respects anything which may be possible—and without a custom-house I do not see that much will be possible—is sure to redound to the commercial advantage of the Colony as well as of the Chinese trade. On this point, however, the occasion does not call upon me to say more at present.

I have, etc.

(signed) ROBERT HART,

Inspector General of Customs.

**Despatch from Sir Robert Hart to Mr. Bax-Ironside on Inland
Steam Navigation on the West River.***

INSPECTORATE GENERAL OF CUSTOMS,

PEKING, May 12, 1899.

SIR,

I have the honour to acknowledge your communication of the 27th April concerning steam navigation inland.

2. When the Ministers of the Yamén originally decided to memorialize for authority to open the inland waters to steam, the idea was simply to permit steamers to do what junks and boats do subject to the same inland charges, but when the privilege was extended to include foreign flag steamers some modifications were introduced in the Rules first drafted; while the object of these modifications was to secure for the foreigners concerned the benefit of certain Treaty stipulations therewith connected, their effect has been to create difficulty for the scheme generally, for, whereas, the original plan was to apply inland local Regulations in all their integrity to steamers as well as junks, and, by thus protecting the revenue, insure the support of the provincial officials, the introduction of the Treaty element necessitates an exceptional procedure which interferes with former practice, makes taxation more difficult, tempts Chinese owners to buy foreign flags, and alarms and alienates both the inland authorities responsible for, and the inland administration

* B.P.P.: China, No. 1, 1900, pp. 186, 187.

dependent on, inland revenue. The very sanctioning of the modification referred to created a necessity for strictness in interpreting the other parts of the inland steam privilege, and accordingly, in order both to protect and keep separate the Imperial Maritime and the Provincial Inland Revenues, the opening of the inland waters to steam has had to be defined as forbidding licensed vessels to quit Chinese waters, and as excluding vessels that trade between Treaty ports.

3. What precedes will suffice without further detail to suggest explanations of, and reasons for, the restrictions foreign merchants now complain about, but in point of fact there is no differential treatment; whatever licensed Chinese steamers can do inland, foreign flag licensed steamers can do also, and whatever interport foreign steamers cannot do inland, interport Chinese steamers are likewise forbidden to do; but, just as Chinese waters and foreign waters are two different things, so interport trading and inland trading are also two different things, and belonging to two different fiscal systems, the Imperial and the Provincial, must be differently treated. The hybrid character of the West River has, of course, its inconveniences; from one point of view it is a continuation of the sea and a highway leading to the two open ports of Samshui and Wuchowfoo, while from another it is an inland water; to one set of eyes it is, notwithstanding its double character, one and the same thing, while to another it possesses, while one and the same thing, a double entity; the interport owner wonders why his interport steamer cannot do what he sees done by inland steamers passed here and there, while the responsible revenue officials require the two trades and the two vessels to be kept separate; while the apparent anomaly of two treatments existing side by side on the same stream is a puzzle to one party, there is the further fact that at its mouth are the foreign waters and the foreign Colonies of Hong Kong and Macao, and for the other party—the revenue officials—this fact opens up possibilities which render it all the more necessary to distinguish between the two trades and act accordingly. Treaties, Conventions, and Rules being what they are on one side, and fiscal responsibilities being what they are on the other, the principle of the present treatment—distinction between inland and interport trader—seems both logical and necessary, and any revision which ignores that distinction will be but a one-sided and, therefore, unpalatable remedy. It is not for a moment to be supposed that the Inland Steam Navigation Concession was intended to either abolish provincial taxation or kill native trade, and it is not unreasonable to ask for a recognition of provincial conditions and

assent to provincial requirements; the expectations that heralded the opening of the West River were somewhat sanguine, but, even granting they could ever be realized, it is not the distinction between inland and interport trade that is either postponing or impeding that realization. The Concession was launched without sufficient consideration or preparation, and, as it now is, it does not satisfy either side.

The foreign trader fears that the restrictions which provincial officials call for will thwart development, and the provincial official fears that the development which the foreigner aims at will destroy revenue; but both the one and the other are alarmed, and perhaps unnecessarily before the event, and plead from fears rather than from facts. If steam navigation inland is to work quietly and be a benefit, it will be necessary to legislate locally at many different points and in accordance with many different sets of circumstances, conditions, and requirements; it will only be when that is done that regulations and procedure will be suitable, and also contain in the eyes of both sides the proper proportion of support and control.

4. As regards the Rules and Regulations promised in Rule 7 of the Regulations, and clause 8 of the Supplementary Rules, there has been much consultation and much passing and repassing of draft rules for consideration, but up to the present none have been issued for publication; and as for the appointment of the Provincial Officers referred to in clause 9 of the Rules, such appointments are to follow publication and have not yet been announced.

It is hardly likely that this delay has caused either inconvenience or damage, seeing that it has not taken from or interfered with the enjoyment of any existing rights, and that foreign capital is neither known nor expected to be invested—at least to any considerable extent—in the petty craft to which the depth and width of inland water channels necessarily confine the steam navigation privilege, and this privilege itself, whether rightly or wrongly thought valuable, will require years of patient nursing before it can possibly answer any expectations.

I have, etc.

(signed) ROBERT HART,

Inspector General of Customs.

Memorandum by Sir Robert Hart concerning the Indemnity to be paid by China, presented to the Commission appointed by the Diplomatic Body to consider what resources possessed by China should be applied to the payment of the Boxer Indemnity.*

1. What amount can China pay ?
2. What method of payment is most suitable ?
3. What revenues can most easily be taken ?
4. What control is advisable ?

1. WHAT AMOUNT CAN CHINA PAY ?

(a.) China has no reserve and cannot pay ready money.

(b.) The amount required must therefore be taken either from the saving of the people or from the current revenues of the Government.

(c.) No statistics show the wealth of the people; but, even admitting the possibility of finding the required sum in their hands and clearing off the entire indemnity by one payment, the attempt to collect it would unsettle every province, and end in failure.

(d.) The latest statement of revenue and expenditure, compiled from what remains of the records of the Hu Pu, or Board of Revenue, makes revenue amount to about 88,000,000 taels, while expenditure was said to require 101,000,000 taels. More than a quarter of the revenue was paid out for the service of existing loans, and, as for the deficit, or difference between requirements and receipts, it is still a debt: there are no funds to meet it.

The appropriation of so much revenue for existing loans is, in fact, the cause of the deficit, for all such loan payments are deductions from the fund the Government relied on to meet the expenses of provincial and metropolitan administration. New revenues were not created to meet new expenditure; accordingly, any further withdrawal of funds from revenue means an additional deficit, and the total deficit must then either become an increasing debt, ending in national bankruptcy, or be made up for either by additional taxation or by a mixture of that and economy in the use of funds. Economies are not easily effected, and, as for new taxes, they are difficult to impose, and do not at once pay for the cost of collection. Officials, official establishments, and Governmental work generally will be embarrassed by hasty or ill-considered attempts to economize; new taxes are never popular, and give underlings opportunities for extortion. An official economy which would impair the efficiency

* B.P.P.: China, No. 1, 1902, pp. 74-78.

of national administration, and a taxation which would weaken either the productive or the consumptive power of the people are alike to be condemned.

These considerations cannot be set aside when attempting to answer the question, What amount can China pay? for, seeing that the present revenue does not suffice for the ordinary work of government, fresh taxes must be imposed to make up for whatever revenue a new indemnity will withdraw.

(f.) The items of annual expenditure may be classified, in round numbers, as follows:—

	<i>Taels.</i>
Provincial	20,000,000
Military	30,000,000
Naval	5,000,000
Metropolitan	10,000,000
Bannermen	1,380,000
Palace	1,100,000
Customs	3,600,000
Legations	1,000,000
River works	940,000
Railways	800,000
Loans	24,000,000
Contingent reserve	3,300,000
<hr/>	
TOTAL	101,120,000

(g.) Revenue receipts may be arranged as follows:—

	<i>Taels.</i>
Land tax	24,000,000
” ”	2,500,000
Provincial miscellaneous duties	1,600,000
” ” receipts	1,000,000
Grain commutation	1,300,000
” ”	1,800,000
Salt gabelle	13,500,000
<i>Li-kin</i>	16,000,000
Native Customs	2,700,000
Maritime Customs—	
General cargo	17,000,000
Foreign opium	5,000,000
Native opium	1,800,000
<hr/>	
TOTAL	88,200,000

(h.) Taking the population of China at 400,000,000 and the revenue collected and expended at 100,000,000 taels, the Government may be said to cost the people annually 25 tael cents each. If these figures are to be considered net results, and a similar amount allowed for cost of collection and extortion—an allowance which is probably excessive—the result would still be a taxation of only 50 tael cents a-piece. Japanese pay 7 silver dollars, and Americans, 15 gold dollars; it may therefore be said that, whatever abuses exist, no people are more lightly taxed than the Chinese; but this is what Confucian teaching requires. On the other hand, it must be remembered that, while living is cheap, wages are low, and that while, accidents apart, people everywhere have enough—and just enough—to live on, the national currency copper cash—at the rate of 1,000 cash to the silver dollar—is so well suited to Chinese environment, that in every market place a single cash can buy something. Therefore, although living is cheap and taxation light, it would be a mistake to suppose that new taxation would meet with no objection and cause no suffering, while it is also a fact that, to the ordinary Chinese mind, relatively heavy taxation is distasteful, as being first of all opposed to the moral sentiment of the country, and also affording unscrupulous collectors opportunities to harass productive industries.

(i.) With these considerations in view, and bearing in mind the fact that experience now shows that the Government, although in difficulties, is just able to support the deficit existing loans cause, it may be inferred that additional indemnity payment, to be made up for by additional taxation, ought not to exceed present charges—that is, ought to be as much below 20,000,000 taels a-year as possible, and ought not to exceed that amount: and this is my answer to the first question, What amount can China pay?

2. WHAT METHOD OF PAYMENT IS MOST SUITABLE?

(a.) Under the circumstances, there is apparently a choice between only two, viz., for China to borrow the amount, or for foreign Governments to accept payment in annual instalments.

(b.) If China appears in the market as a borrower, the banks will charge heavy commissions—the rate of issue will require to be low to tempt investors—and the public will be hard to satisfy in respect of guarantees and conditions. This method would prove a very costly one for China, and initial difficulties connected with guarantees and conditions would only increase with the delay discussion must entail.

(c.) If, on the other hand, foreign Governments would consent to accept the undertaking of the Chinese Government to make payment in so many annual instalments, the transaction would be cheaper for China, and the details could be more speedily settled. For instance, supposing the total of the indemnity principal to be 50,000,000*l.*, and China to undertake to pay 5 per cent on that amount for, say, thirty years, or 2,500,000*l.* (17,500,000 taels) annually, the Governments concerned could either collectively or individually float an Indemnity Loan on their own account, and with its proceeds at once pay off the indemnities of Governments, Corporations, and individuals. In this way, foreign Governments and China would be mutually creditor and debtor; monthly payments would be made to the banks, as designated, at Shanghai, and the banks could then surrender the Chinese bonds for monthly payments to the Chinese Government through the Legations concerned.

(d.) Of the two methods, the second is the more acceptable from the Chinese point of view.

3. WHAT REVENUES CAN BE MOST EASILY TAKEN?

(a.) The Maritime Customs revenue is at once the simplest and the best known Chinese guarantee, but, as it is already pledged for existing loans, it is not on this occasion available except as a collateral security.

(b.) The choice is therefore between the land tax, the *li-kin*, and the salt gabelle.

(c.) The land tax, although a staple asset, is remitted from time to time, when crops are damaged by locusts, droughts, inundations, or earthquakes, and, being thus variable, cannot be relied on to produce the same amount every year.

(d.) *Li-kin* is a temporary tax which both the Chinese people and foreign commerce would gladly see abolished, and it would therefore be better not to pledge the Government to continue it.

(e.) The remaining tax, the salt gabelle, is an objectionable item of revenue, and nothing more reliable exists. The net collection of 1899, according to the Board of Revenue's figures, was under 14,000,000 taels, but various inquiries go to show that 15,000,000 taels might be expected, and that careful handling might even raise it to 20,000,000 taels. But it would be best to supplement this gabelle by the Customs revenue; that is, the dues and duties paid

by Chinese junks, etc.; the Board's figures give the total net collection as something under 3,000,000 taels, but inquiry affords reason to suppose that at the Treaty ports alone it could be increased to 5,000,000 taels, while some think it might even grow to 10,000,000 taels. Lest the salt gabelle and the Native Customs should fail to produce the full annual amount required, it might be well to specify some other convenient items; for example, the Peking octroi could be relied on for almost 500,000 taels annually, metropolitan expenditure might contribute 3,000,000 taels from the Manchu allowances, and from 2,000,000 taels to 3,000,000 taels more might be realized by abolishing the Peking grain tribute in kind. Thus salt gabelle, Native Customs, Peking octroi, metropolitan expenditure, and grain tribute could be relied on to produce the first year a clear total of 20,000,000 taels, and in a few years, perhaps 30,000,000 taels, and this is my answer to the question, What revenues can be most easily taken?

(f.) But, before leaving this point, it should be remarked that the revenue thus proposed to be set apart would be revenue deducted from funds the Government absolutely requires the use of for current expenditure of the Administration, and must be made up for by new or additional taxation in other directions: how could this be done? The matter has already formed the subject of several consultations between myself and Chinese officials, and the additional taxes proposed which find favour so far are a house tax, a stamp duty, and rearrangement of native opium duties. A house tax to produce 20,000,000 taels a-year, would be a charge of only 5 tael cents annually on each of the population; but it is likely that such a tax would yield several times that amount; that it would not be too heavy, if fixed at a half-month's rent; and that, if made payable by all occupants direct to the Yamén of the District Magistrate, the dishonesty or extortion of Visiting Collectors could be successfully combatted, a stamp duty would also in time produce a considerable revenue; there are about 2,000 districts in the eighteen provinces, and it is estimated that each of these would use at least 1,000 stamps daily for bills, receipts, deeds, bank-notes, pawn-tickets, etc.: if each stamp were sold for 10 copper cash, or 1 dollar cent, the yield at that rate would be about 5,000,000 taels a-year. As regards native opium, it is calculated that there are at least 150,000 piculs, or three times the quantity of foreign opium, produced and disposed of every year: were the district Magistrates charged with the collection of the duty, and duty fixed at 60 taels a picul, the collection, under improved Regulations, ought to amount to some 10,000,000 taels a-year. These three taxes, properly

managed, should yield a very large revenue and quite suffice to make up for the withdrawal of the salt gabelle, etc., from administrative expenditure for indemnity purposes; but, although they would not fall heavily on anybody, the very fact of their being newly imposed would make them unwelcome, and under the circumstances, their unpopularity would connect itself with their foreign opium, and, in that way, cause some ill-feeling it might be wiser to avoid.

(g.) There is, however, an alternative method which would give some relief, and which, therefore, under present circumstances, seems worthy of consideration. When the foreign tariff came into operation forty years ago, the Haikwan or Customs tael, in which duties were and are payable, was worth 6s. 8d. English money, that is, 3 Haikwan taels were equal to 1*l*. Since that date silver has declined in value, and instead of 3, about 7 Haikwan taels must now be given for 1*l*. The principle on which the tariff was drawn up was to fix duties at the rate of 5 per cent on values, but the result of the fall in silver is, instead of paying 5 per cent on value, most goods now pay only 2 per cent to 3 per cent, while many even pay but 1 and 2 per cent, and a further result has been that both the Chinese revenue has been a loser and the Chinese Government a sufferer. All this could be set right at a stroke, simply by returning to the tariff value of the Customs tael, and such a step would require neither revision, change, nor negotiation. A declaration by the Treaty Powers to the effect that the tael of the tariff means 6s. 8d., English money, or its equivalent in any other national coin, and that the duties must be paid accordingly, would suffice.

The effect of this on the revenue of the Maritime Customs would be to increase the collection by from 10,000,000 to 15,000,000 taels, almost enough to provide for the new indemnities, and merchandize would not be taxed beyond the 5 per cent rate on values. Such additional collection would be Maritime Customs revenue. It would not require any new machinery for its management, while it would be a simple and more easily handled security than the others designated.

4. WHAT CONTROL IS DESIRABLE?

(a.) The discussion of this point is, of course, outside my province.

(b.) But I may remark that the plan adopted under the Tien-tsin Treaties for controlling indemnity payments was simply for the Consuls concerned to repair to the Custom-house at the end of each

quarter and inspect the revenue statements. This was a useful formality at the start, but it soon became a mere formality and had no special effect on either the accuracy of revenue statements or the payment of indemnity monies.

(c.) If the salt gabelle, etc., are specified as the guarantees for payment of new indemnities, I may point out that the simplest solution would be the extension of the present *li-kin* control under 4½ per cent. Loan Agreements to the salt gabelle generally, and the incorporation of the Native Customs at the Treaty ports with the Maritime Customs there established. The existence of two Custom-houses at the same port occasions mistakes and causes friction, and the Maritime Customs staff could easily assume charge of the work now in the hands of the Chang Shui or Native Customs. As regards the salt gabelle, it should be explained that the Chinese practice is to collect the tax at the place of consumption, and procedure is arranged accordingly. Any change would dislocate existing machinery, cause loss of revenue, and inconvenience both traders and public. Supervision of the kind already initiated would suffice, for the results of a four years' experiment prove that it works smoothly and adequately. The revenue pledged has been regularly forthcoming and there has been no default, and whenever any local delay has occurred, orders from Peking have at once rectified it. The amounts collected for payment as new indemnities ought to be sent to the banks monthly, but as collections vary from day to day, the annual quota is the only one to be rigidly adhered to.

(signed) ROBERT HART.

PEKING, March 25, 1901.

Memorandum by Sir Robert Hart on proposal to convert Haikwan Tael into a Gold Unit, submitted on 30th May 1901 to the International Tariff Commission at Shanghai.*

Prior to the year 1901 the national indebtedness of China, which had been chiefly incurred to pay the war indemnity imposed by Japan in 1895, entailed for service of loans an annual appropriation amounting to £3,261,949 10s. and to Tls. 763,000 on account of

* For somewhat similar proposals made by Sir Robert Hart in 1896 and 1901, *vide ante*, p. 584 and p. 609.

an unexpired silver loan. In addition, annual payments had to be made on account of loans, guaranteed by the Government, for the Lu-Han and Peking-Shanhaikwan Railroads, amounting to £340,996. By the Protocol of the 7th September 1901 the Great Powers imposed an indemnity upon China for expenses and losses entailed by the Boxer outbreak of £67,500,000, or, nominally, 450 millions of taels Haikwan currency. The plan of amortisation fixes the annual payments on account of this indemnity due during the period 1902 to 1910 at *Hk.Tls.* 18,829,500, actually at £2,824,425.

In 1895 the *K'u-p'ing* tael, in which the Japanese indemnity was expressed, was taken as being of the value of 3*s.* 3½*d.*, which would make the Haikwan tael of the value of 39.8946 pence. In 1901 the Protocol of the 7th September fixes the value of the Haikwan tael at 36 pence. Since then the sterling rate of exchange has fallen to below 27 pence for one tael of Shanghai currency, a rate which makes the Haikwan tael of the value of 30.078 pence only. The rate has, it is true, slightly risen during the past few days; but as exchange usually rises at this date, *i.e.*, at the opening of the tea and silk seasons, the consensus of the best expert opinions available is that this rise is temporary only, and that the value of the Shanghai tael is likely to again fall in the near future to or below the rate of 27 pence. It therefore appears legitimate to conclude that China will have to count in meeting her Foreign indebtedness upon a rate of exchange not higher than 30.078 pence to the Haikwan tael. At this rate the £2,824,425, which under the terms of the Protocol China has to pay annually down to 1910 on account of the 1901 indemnity, will cost her, not *Hk.Tls.* 18,829,500, as stated in the Protocol, but *Hk.Tls.* 22,536,804; and the total amount she will have to pay annually on account of both this indemnity and the service of the loans previously contracted (£6,427,370 10*s.*) will be, not merely *Hk.Tls.* 42,429,500, as stated in the Protocol, but the enormously increased sum of *Hk.Tls.* 51,285,622.

In view of the fact that the total revenue of the Empire does not exceed 85 million taels, unless there supervenes an enhancement in the gold value of silver, such as neither experience in the past nor the best expert opinion now available in any way justifies, China after liquidating her Foreign indebtedness will be left with a revenue of less than 34 millions of taels with which to defray the cost of administration and defence throughout this vast Empire—a task which is impossible of accomplishment. Under these circumstances, if national bankruptcy, as the result of the burdens laid upon her by the more powerful Foreign nations, is to be averted, China sees no course open to her but to fix the Customs Tariff in gold, say,

in terms of the American gold dollar currency, and to convert the average values of mercantile commodities during the years 1897, 1898, and 1899—which the Protocol specifies as the basis of the new Tariff—into that currency at the rate of exchange laid down in the Protocol, namely, one Haikwan tael equals gold \$0.742.

Any other course, the Government considers, would work serious injustice to China. For not only is the gold cost of production the determining factor in fixing the selling price of Foreign goods, but the Foreign Powers have admitted in the Protocol that China is entitled to an effective 5 per cent import duty. While making this admission, they stipulated, in converting *ad valorem* into specific rates, that the average values ruling during the years 1897, 1898, and 1899 should be taken as the basis. In view of the fact that during those years prices were abnormally low and decidedly below the level of prices now ruling at the time when the new Tariff rates are to be fixed, China, despite the fact that her right to an effective 5 per cent levy has been admitted, is by the limitations imposed deprived of an effective 5 per cent duty, even if 5 per cent on the average prices ruling during the years named be levied in gold. If, however, that rate be levied not in gold but in silver, it is calculated that instead of an effective 5 per cent duty China will now receive but 4 per cent or less; and in the event of a further decline in the gold value of silver, she will hereafter be receiving still less, while she is compelled by the terms imposed by the Protocol to pay the Foreign Powers not in silver but in gold. It would scarcely be justice were the Foreign Powers to insist that China shall pay her indebtedness to them in gold, but that their merchants shall pay their indebtedness to China in depreciated silver.

Note.—The gold amounts in the above Memorandum are introduced to illustrate the argument used, and are not to be understood as in any way binding on the Chinese Government.*

* This note was added by the Chinese Tariff Commissioners because at that time—May 1902—the Chinese Government was trying to have the Boxer Indemnity recognised as a silver obligation.

RIVER CONSERVANCY AT SHANGHAI,

BY

ROBERT E. BREDON.

*A Résumé of its History and Requirements and Proposals
concerning it.*

PREFACE.

The remarks which follow were prepared to serve as a reply to an informal request made to the writer for his opinion on a pamphlet recently brought out by Mr. E. A. Hewett,* in support of a River Conservancy scheme which the Shanghai Chamber of Commerce has adopted, and on conservancy matters generally. The pamphlet is reported to have gone to the Ministerial Body at Peking, is in pretty general local circulation and was laid before the author of this rejoinder without any intimation that it was private, secret or confidential. As Mr. Hewett's pamphlet, although dealing with a subject of supreme public importance and of very general interest was only issued in private form, this paper is treated in the same way.

When one looks at the above heading and tries to understand the subject, one finds questions quite naturally arising, answers to which are of prime importance. They are such as these:—

- I. What is meant by the term Conservancy in this connection? What does it include? What are its objects? What area does it affect? What light does history cast on it, not to show a basis of recrimination for the past but a guide for the future?
- II. What remedial measures are desirable? necessary? possible? What demandable as a matter of abstract right?

*At that time agent for the P. & O. Steamship Co., his egregious scheme for Whangpoo Conservancy was embodied in the Peace Protocol of 1901 as Annex No. 17. International jealousies made its working impossible, and its place was taken by the Agreement of 27th September 1905 between China and the Treaty Powers by which it was stipulated that the conservancy works should be carried out by the Chinese Government at its own expense (*vide* MacMurray, *op. cit.*, vol. i, pp. 531-533; I.G. Cir. No. 1287). This arrangement was subsequently modified by the agreement of 4th April 1912 (*vide* MacMurray, *op. cit.*, vol. ii, pp. 954-958).

- III. By whom should they be carried out, and why by that particular agent? Why is that one appropriate and why are others unsuitable?
- IV. Whom will they benefit? Whom, if any one, will they injure?
- V. Who should pay for them? How is the money to be got? How much will be wanted? Are the obligations of the Chinese Government in this respect fully understood and impartially represented? Are those of foreigners fully realised?
- VI. What advantages are there in a scheme recently propounded by Mr. Hewett? what disadvantages? how far is it based on right principles? how far are his arguments logically deduced from sound and valid premises. Is his Board scheme workable? does it give promise of being sufficiently economical, competent, impartial, non-political and authoritative for the work it is proposed to put in its hands?
- VII. Is there any better plan to propose, and what are the arguments in its favour?

The object of this paper is to state as tersely as possible the writer's views, acquired from commonplace sources of knowledge and from information contained in published papers within reach of the ordinary reader. The writer does not claim to be behind the scenes.

I.—Conservancy at Shanghai and in its waters may be assumed to include (a) all matters which concern the navigation between the mouth of the Yangtze River and the present anchorage off the Settlements; (b) the possible facilities for, and the existing obstructions to, the easy approach of deep draught vessels to Shanghai; (c) the maintaining of sufficient and convenient anchorage space in the harbour; (d) the provision of adequate wharf accommodation; and (e) generally the safeguarding, while anticipating the increase, of the interests of the carrying trade and of the other and local ones in a place where a large trade exists, and much capital, Chinese and foreign, is invested. All this to be considered in the belief that the trade now here is likely to increase rather than diminish and that it is desirable to keep it where it now is rather than to allow it to be transferred elsewhere, with deterioration more probable than possible in course of transfer.

The area covered may be held generally as being that from the Outer Lightship up to the points on the Whangpoo and its tributaries where tidal inflow ceases to have any appreciable power. The

difficulties in this district may be set down as (*a*) the shallows of the Flats in the Yangtze; (*b*) the Outer Bar at Woosung; (*c*) the inner obstruction ordinarily known as the Woosung Bar; (*d*) the shoaling and twisting of the channel between Woosung and Shanghai; and (*e*) the narrowing, shallowing and consequent diminution of area available for anchorage and movement in the Shanghai Harbour, both in the Whangpoo River and in its tributary known as the Soochow Creek.

The portion of the approach to Shanghai which lies between the Lightship and Woosung is in the Yangtze itself, and is, and probably always must be, at the mercy of that Giant's power. No effort made at any reasonable,—possibly not even at an unreasonable,—cost can ever be expected to succeed in harnessing that power or in securing its control at any point where it has full sway. We may assume that the Yangtze will always reach the ocean by a channel wide enough and deep enough to allow any vessels like those hitherto known in these waters to reach, let us say, Kiang Yin. There is a remote possibility perhaps that some day the Yangtze may choose to reach the sea by the North Channel only and, by deserting the southern outlet entirely, leave the present South Channel a creek and the Whangpoo River a ditch; but that emergency is too remote and indications of it are so entirely absent that it may be left out of present consideration.

The handling of the Outer Bar may be looked on as in a sense subsidiary to what will be done in connection with the Whangpoo River, the Inner Bar and the Shanghai Harbour. Whatever is done to benefit these latter will, and will be intended to, reflect beneficially on the former.

Now we come to the point where we may study history and enquire what was Shanghai and what were the possibilities of its approaches when China, not of her own motion but to meet a foreign request, said in so many words, probably not meaning more than they casually convey, "Shanghai is open to you foreigners: take it for what it is worth and make the best of it now and hereafter." The legitimate amount of respect for Chinese authority was of course implied: beyond that the bargain was a very open one on both sides.

There was an approach *via* Woosung with a Bar across it on which brigs and other moderate sized craft are known to have occasionally grounded; there was a channel to Shanghai presenting no more than ordinary difficulties to the type of vessel of the size in fashion at that period; and there was a river broad and deep enough to afford anchorage for 300 odd vessels near the Settlements.

Most of the present Public Garden, the Soochow Creek Garden, the German Consular site, the old American Consular site,—now occupied by the Japanese,—the Nippon Yusen Kaisha's property, the Old Dock, the Hongkew Wharves and other well known public and private properties then formed part of the river bed. The tidal inflow lapped the eastern side of Broadway. The supports of one bridge only obstructed the tidal flows of the Soochow Creek. The river was half as broad again as it is to-day and all that area was covered by the flood tide. These are not records of possibly unveracious history; they are the memories of living men.

In course of time riparian proprietors began to see their way to improving their property at the river's expense. Conservancy principles being neither pressing nor pressed at the moment, they gave the Chinese authority, in whom Conservancy was vested, as little trouble as possible; no one was sufficiently interested or sufficiently foreseeing to take any.

The writer does not mean to say for a moment that the works referred to above were unnecessary, undesirable or deserving of the strong language he has heard applied to them by hypercritical people; he might even admit that some at least were commercially beneficial; but they were certainly carried out without any regard to Conservancy; they did give advantages of which private individuals and corporations mainly reaped the benefit, and the public Conservancy interests paid a price which till now has not been repaid and which Mr. Hewett honestly implies is still outstanding and is legitimately claimable.

Among all the authorities, self-constituted and others, there is unanimous opinion on one point—the essential element to provide Conservancy for Shanghai is to get as much flood tide in as is possible, and to make the ebb tide, in its ebbing, do as much channel scouring as can be got out of it. The tendency of encroachments has been to keep the flood tide out by contracting the area over which it could, within its level, spread itself. For this, encroachments on the old water line are largely responsible. Such encroachments have done harm not only directly but indirectly, with a progression in magnitude almost geometrical, and these encroachments have been in the majority of instances made by foreigners.

In 1878 an effort was made to secure a better Conservancy by placing the whole question in the hands of the Harbour Master. Its value was admitted in principle and the Legations and Yamēn accepted it, but when it came to be put in force it was opposed at every turn; and though valid ever since, it is only within recent

years that the Harbour Master has secured the necessary support in limiting the encroachments of bund and jetty builders and keeping them within a reasonable line. He has been able latterly to do so much; practically nothing more.

As to the Woosung Bar, its condition can hardly be better expressed than in the words of an old pilot, recently applied to it, as the writer believes with absolute truth:—"It is not very much better and certainly not very much worse than it was forty years ago; it is better or worse at some seasons than at others; and in some years than in others; it is not the Bar that has grown worse, it is the ships that have grown bigger."

To sum up the whole series of questions which came under heading I. at the commencement of this paper:—

The Shanghai Harbour is not, in its present form, giving the amount of anchorage and berthing accommodation required for the present and expected for the future; the Whangpoo River requires controlling and directing, and the Bar, if large steamers are to come to Shanghai,—which means if Shanghai is to remain the port,—must be deepened if possible; the measures the Harbour, River and Inner Bar demand will, alone or with some little help, settle the Outer Bar question; the Yangtze part of the navigation must be left to Nature.

That all this should be aimed at is not only reasonable but highly desirable from the point of view of public and general interest.

II.—In assuming that remedial measures are possible, one is supported by the opinion of nearly every one who has given any on the subject, of technical value. That they are desirable if they give any reliable prospect of being effective is also a fair assumption. As to what is necessary, that is a matter of professional engineering opinion. Certain principles are accepted by nearly all engineers, but as to the extent to which work can be profitably carried on or must of necessity be done to secure sufficient results, that is a matter on which it would be desirable to have the opinion of the very best authority available, if such a large expenditure on one opinion is justifiable. It may be assumed that the root of the evil will have to be attacked by works at Woosung and in the channels between there and Shanghai; work of a character which may be described as secondary will probably have to go on in Shanghai at the same time.

Some ten years ago the condition of the Woosung Bar was very much pressed on the Chinese Government, a demand was made that it be dredged, and a dredger was accordingly bought. No proper steps were taken to discover in advance if dredging would accomplish any real even temporary benefit, or if dredging was the proper thing to do at all. The demand on the Chinese Authorities,—who found all the money, amounting to nearly a quarter of a million taels,—was for *dredging*, and they did that purely and simply. The dredger was obtained in a way which did not give much promise of getting a very useful one; she had not the necessary power, she was a bad type, she was always getting out of repair and her presence on the Bar was protested against, it being alleged to be an obstruction to navigation; and the whole work was done, though conscientiously, inefficiently and inadequately for reasons which the Chinese could not have been responsible for.

Still there was something to show for the work. At the end of the experiment the Bar had been deepened about two feet. The year following it all filled in again and was rather worse than usual. The result of it all was to justify the accuracy of the opinion that dredging alone could not keep the Bar clear, not even if kept up continuously, and that the presence of a sufficient dredging force on the Bar was itself an impediment to navigation. Many people, including the writer, thought that the dredging success was largely due to the lucky fact that it was done during a good year when there would probably have been a deep Bar any how, and that the dredging only made it a little deeper than it might have ordinarily been. One thing, however, is now shown,—dredging at Woosung is not enough.

The question has been put above,—What is demandable as a matter of strict right? Mr. Hewett does not tackle that question, but he gives what he thinks may “be reasonably claimed,” his idea of reasonableness being that “if a port has once been opened under Treaty to Foreign trade it is incumbent upon the Chinese Government to maintain the water approaches to that port.” The reasonableness would be more complete if he added some such words as “in as good condition as they were when the port was opened.” There is no vessel which could have come to Shanghai in 1842 which could not get there just as easily in 1901.

What is the legal aspect of the case? Mr. Hewett speaks of the work as something which should be done by China as “the Sovereign Power and at its own expense.” What it should do and what it will not, in its own country, do are attributes of *Sovereignty*.

Sovereignty in China is limited by Treaties, but only in the directions and to the extent laid down in the Treaties. There is no Treaty limitation of China's absolutism as regards River or Harbour Conservancy, which therefore remains unrestricted. On the other hand, there is a limit when the question of expense comes up. China cannot do what other Powers would do,—provide a Chinese Conservancy Board and give it the power to levy the necessary local taxation on all comers till the necessary funds were found to do the local work. Mr. Hewett holds China sovereign when he thinks it desirable she should expend revenue; he knows her sovereignty is limited when it is a question of levying any. As a matter of fact there is no *legal* obligation to spend a cash on Conservancy. How far it is politic or how far it is against her best interests to refuse to take Conservancy measures and do what may be possible to find funds to meet the expense, if not in one way then in another, are points on which the writer and Mr. Hewett are probably at one.

III.—Who should do the work? Mr. Hewett himself answers this question with strict propriety by saying—the Sovereign Power. But he goes on to argue that the work should not be left to the Sovereign Power to do, and he gives as his reason for its not being allowed to do it that, though being under no legal obligation to do anything, having no surplus of the funds he believes should be applied to this object,—shown by figures below,—and having no authority to raise any specially for it from those whom it most largely benefits, it has not so far put its hand into another pocket and provided funds from Chinese taxpayers to enable a certain number of foreign vessels of over twenty-two feet draught to reach and berth comfortably at Shanghai without lightering at Woosung. And all this although no well digested or practicable scheme, no working plan, no definite statement of probable cost, no project of financing, no offers of pecuniary assistance have ever been submitted to the Sovereign Power, by any responsible authority.

The proposal means, in short, that the possibility of accomplishing such work should be taken away from the hands of that administrative department of the Chinese Government which has hitherto done all that could be done for navigation in China in a manner admitted by the Press of the world to have been eminently capable and honest. It also insists on overriding, in doing the executive work, the tried and capable servants of that Government in Shanghai who alone possess and can supply all the valuable local knowledge and who have for years done all that has been placed in their hands effectively, impartially and economically as far as the

powers given them admitted and opposition,—often factious,—allowed. To replace them it is proposed to upset pretty nearly every existing system and to modify the effect of every regulation now in force, all of which have been arrived at by prolonged negotiations with Consuls, Chambers of Commerce, Legations at Peking and Chinese Authorities, and none of which can be changed unless by the same complicated procedure. To replace the existing service he proposes a Board which, from its very nature, must be composed largely of men inexperienced in official administrative work, with no capacity or power to deal with the Chinese questions which will arise in numbers, and with no knowledge,—or worse, with a little knowledge,—of what can and should be done in the questions of executive detail. For the carrying out of its work it has to find new men of a special class not easy to procure and in the appointment of whom by a Board such as is proposed political considerations and others equally objectionable which suggest themselves without being suggested will probably have an injurious amount of weight.

The Coast Inspector's and Engineer's section of the Chinese Marine Department are composed of men than whom none more capable can be found. Captain Bisbee is well known for his character and capacity in the best nautical circles in Europe and America and is in touch with, and commands the respect of, the highest authorities in his line there. His Deputy is Captain Tyler, whom as a marine surveyor and executive officer at any kind of sea or river work it would be hard to beat, though his reputation is so far only local. The Engineer-in-Chief is a man of high standing in his profession generally, a Member of the Institute and far above the average Engineer in general experience. The present Acting Engineer has been specially selected for his knowledge and experience in Harbour works. These men are on the spot.

No new Board has either an administrative or executive service at hand to do the work. It will have to find houses, secretaries, clerks and so on who, owing to the nature and insecurity of their employment, will have to be paid more than public service rates and for time when they will be unoccupied because there will be only one kind of work to employ them on. It also will have to pay for experience.

The writer heard some time since that an objection to putting the business in the Customs' hands was that the Government would probably try to tie those hands in connection with it. Is it by any means sure that the Government would not see a still greater

necessity for tying, by unofficial means, the hands of an administration forced on it and forced expressly to have it free from its control? Which of the two systems is most likely to suffer from lack of sympathy of Chinese officials? What that amounts to,—or can be made to amount to,—every one can estimate for himself. To answer these queries very little knowledge of human nature in any garb,—not necessarily Chinese,—will suffice.

Does the experience of the Lights Service justify any such idea? Certainly not.

IV.—Who will Conservancy work benefit? *First*, and most of all, it will benefit certain of the Mail Companies, for it will make it easier for them to use as cargo carriers their superannuated passenger steamers which, built for ocean navigation and for harbours like Bombay and Sydney, are no longer useable for their original purpose and cannot, as things now are, be made, with their small cargo capacity on a deep draught, as profitable in a shallow river as bigger and lighter draught vessels specially built for the Shanghai trade are. In their case it is a real benefit to have the Chinese Government make a river to suit their vessels, and especially their ill-paying vessels, instead of compelling them to build new ones to compete with rivals of more modern equipment. This benefit more especially applies to those lines of which Shanghai is a terminus; for in the case of those which only make Shanghai a port of call, transhipment at Woosung has an advantage in that it expedites their movement and shortens the period of their necessary stay here. A vessel with at most twenty-four hours to spend at Shanghai will always find a certain advantage in saving,—at a certain cost of course,—the three or four hours occupied in coming up to Shanghai, berthing at a wharf and so on, to say nothing of the very possible waste of time in waiting for the tide, for it may be assumed that, do what the Conservancy Board may, it is hardly likely to make Shanghai approachable by heavy draught ships at dead low water.

Second, it will benefit, in a similar but less degree, all owners of deep draught ships.

Third, the business of Wharf owners and their property will be at least maintained at its present value. If it is once decided, or people have made up their minds, that nothing can or will be done to improve the River and Harbour, there will be a tendency,—but the writer believes it will not for a long time grow to any extent,—to make Woosung the local port to the exclusion of Shanghai, and to store in Godowns to be built there goods which now occupy profitably the warehouses already here. A correspondent of the *Daily*

News, signing himself "Observer," who evidently knows the subject, recently wrote that failure to effect conservancy measures goes just as far towards killing Woosung as Shanghai and asserted that the former can never be looked on as an alternative port. They must stand or fall together.

Fourth, it will benefit riparian proprietors whose property is likely to become available for wharfage when a suitable Conservancy scheme has made it such, it not being so now from causes which the existing shallowing tendency produces.

Fifth, it will benefit Shanghai and neighbourhood by keeping in circulation there instead of elsewhere the considerable sums which the presence of large vessels causes the expenditure of.

Sixth, it will benefit landowners and house owners by holding in Shanghai the large population a big trade requires and, as a result of so keeping it, maintain the existing competition for houses and continue to give justification for the exorbitant rents now prevalent.

Seventh, it will benefit, or at least protect, the interests of the Dock Company whose plant cannot be moved, whose property is only profitable where it is and whose business is likely to grow with everything tending to increase the steamer traffic.

It may safely be assumed that the only shipping people who will be in favour of contributing funds are those who represent owners of large vessels; as to those of the smaller ones the present state of affairs fully meets the needs of their day. There is no greater desire in Shanghai than elsewhere to provide for the possible requirements of posterity.

There are also institutions here which must suffer loss the more Shanghai becomes self-contained in shipping matters. The Tug-boat Company, the Cargo-boat Companies, the hosts of handlers of cargo to whom the big steamers' difficulties come as opportunities, are not likely to view with gratification measures which mean their being reformed out of existence.

V.—Now we may consider the question of payment and where the money should come from.

Mr. Hewett claims, in so many words, that the Chinese Government has been for many years collecting from the foreign trade considerable sums under the title of Tonnage Dues, that these Dues are in reality Light and Conservancy Dues, that they were so intended by the framers of the Treaty,—perhaps it would be better

to say, by one of the parties to it,—that they were probably based on the principles of the British Merchant Shipping Act of 1854, that the Chinese Government taxes foreign vessels for a special object and has for years been misappropriating “probably into the pocket of the Empress Dowager”—an insinuation without any proof of probability—3/10ths of the receipts, amounting in 1898 to Tls. 185,000, of which Tls. 120,000, having been collected at Shanghai, should have been spent there.

All these claims can be controverted more or less. Let us consider the history of Tonnage Dues.

In ante-Treaty days, when foreign ships coming to China were not exterritorialised and were trading under no special Treaty stipulations but under the flexible tariff which the native Superintendents at the time levied duties under, they paid duties on the same principle as native vessels did, which is much the same as those do now. At each port there was a different system, but at all there was a dual one,—embracing a duty on cargo and a charge on the ship. The latter was levied on various systems and under various names, according to number of masts, breadth of beam, depth of hold, etc. The one way in which it was not levied was on net tonnage as we understand the words. The system did not serve the purpose foreigners wanted, in that it caused the incidence of ship dues to fall irregularly and unevenly. To cure this evil it was decided that the ship dues should be levied on the tonnage recorded in the ship's register, which the Consul reported from the papers in his hands. Ship dues became Tonnage Dues, a change of name not implying a change of character and not, as the Chinese understood it, intended to modify their fiscal system of lumping ship and cargo dues together into their consolidated fund as they had always done, but, to regularise in a manner suitable to foreigners the incidence of the tax. The framers of the Treaty did not stipulate that these Dues should be specially and fully devoted to any object. They only arranged that the Chinese should out of them meet the modest requirements of the ports in the matter of buoys and beacons. Even then it must have been seen that there would have been a balance left when all stipulated for had been done, and no restriction was imposed on the Government regarding it. There was no idea, and no evidence of any, that the lighting of the Coast and Harbours by the Chinese Government as they now are lighted was any more expected than that forty-foot streets would be required in the Shanghai Settlements or that they would be called on to meet the wants of a quarter of a million of a Chinese carriage-driving community.

Not only were the Chinese not expected to spend all the Tonnage Dues, but at various times Tonnage Dues exemptions have been claimed and accorded on the grounds, amongst others, that the Government did not spend much on River and Harbour works. The concessions of the universal Four-months' Certificate, under which a vessel can now make two voyages from England or America on one payment instead of two, and, up to 1893, the Mail steamer privilege of only paying on one steamer out of every four, have had the effect of reducing the total of the Tonnage Dues paid since 1860 by probably 1/3rd or 1/4th as compared with what would have been collected had the strict letter of the Treaty law been followed closely.

As to the general loose assertion that the Government misappropriates 3/10ths of the Tonnage Dues foreigners pay, that can be made with some show of plausibility merely because the peculiarities of Chinese book-keeping admit of it. It is not a monetary fact. The Chinese Government does not for its own reasons publish its public accounts as a whole, but it publishes enough of the details, both of provincial finance and of foreign trade to show a good deal.

Let us see what the Chinese Government does do with the Tonnage Dues, and let us take for purposes of example the figures published for the year 1900 in Part I. of the Customs' Returns of Trade for that year. The total Tonnage Dues collected in that year (see page 13) was, in round numbers, Tls. 725,000. How much of it was on foreign and how much on Chinese vessels is not stated there, but the table on page 38 shows that the foreign tonnage (including many Chinese vessels under foreign flags) paid dues amounting to Tls. 680,276. To collect her revenue China pays, it is stated, a sum representing from 12% to 14%. Let us assume 12%. To collect the foreign Dues therefore cost Tls. 81,633, leaving the net receipts from the Foreign Trade Tls. 598,643. To set off against that there is the 7/10ths of the gross Tonnage Dues on all shipping, Chinese and foreign, paid to the coast service, amounting to Tls. 207,402; that is, China has appropriated to purposes other than those the Chamber of Commerce thinks proper during the year when the largest Tonnage Dues collection was taken in, Tls. 91,241 instead of the Tls. 227,458 (3/10th of the gross Tonnage Dues), ordinarily put down as the figure of misappropriated dues. As a set-off for that, China has paid the annual cost of the administrative work of the Coast Service, has given the services of her Revenue vessels for useful surveying work and has done the necessary executive harbour work at all the smaller ports. The Chinese Government has spent on navigation aids more than all the Tonnage Dues foreigners have paid or have any claim to an accounting for.

The basis of Mr. Hewett's entire scheme is that something must be done by foreigners, whether the Chinese Government likes it or not, because it would be a waste of time to attempt to bring the Chinese Government to a proper appreciation of its responsibilities and obligations in this connection,—obligations which the remarks in this paper go some way to show are imposed by very little legal force, and responsibilities, the nature, extent and cost of which have never been urged on the lines likely to prove effective. Diplomacy may be staved off when its demands are based on obligations the grounds of whose legitimacy are unsubstantial, but there is a very wide limit to the field in which tactful diplomacy may work on the grounds of moral responsibility and material interest, the latter of which is no less a factor in China than elsewhere.

The admirable feature in Mr. Hewett's scheme is that it fairly and squarely admits that interests other than those of the Chinese Government are benefited by a Conservancy scheme and that those interests should contribute to their own upholding.

It must be borne in mind that the interest of China in the foreign trade is, as Sir Robert Hart has recently stated, not intrinsically a very keen one. The Government knows the trade will be done anyhow somewhere, and the revenue on it will be collected if not at one place, then at another. It knows the maintenance of trade at Shanghai, instead of allowing it to go elsewhere, is more a foreign interest than a Chinese one, that the Chinese interest is not imperative and that the foreign one is vital only to those who have their interests concentrated there. The trade of Shanghai could be moved any time at an insignificant loss to China and at none to the Government: to many of the foreigners such a move would mean the loss of their all.

Mr. Hewett evidently brings forward the idea that because so much Tonnage Dues is collected at Shanghai it should all be spent within the port area, without sufficient knowledge or sufficient consideration of the subject.

Tonnage Dues are an Imperial, not a local, tax. The bulk of the steamers do not pay because they are exclusive Shanghai traders but because they happen on a particular day to be about to clear the port, holding a Tonnage Dues Certificate more than four months' old. The Four-months' Certificate system brings in an element of accident into the collection of any port. Dues paid for one day at any port give four months' freedom all over China. Further, Shanghai being as it is the emporium of the whole of Northern, Central and much of Southern China, becomes the goal of every

trading vessel serving those districts. The approaches to it begin at Hongkong, Japan, Corea, Siberia, Newchwang and Tientsin, and to the lighting and buoying of these approaches to Shanghai the Tonnage Dues paid there, as well as some of those paid elsewhere, have been applied. It is absurd to attempt to establish a local right because of local payment in such a case.

VI.—What are the advantages of the scheme which the Chamber of Commerce proposes and Mr. Hewett stands forth as the advocate of?

As suggested above, its one great advantage is that it puts forward a series of moderate proposals for finding funds locally to meet the necessary expense, but it counts upon a large sum for Tonnage Dues, all of which, as has been shown in a former paragraph, would have to be paid from those leviable on Chinese vessels, the Dues on foreign having been already expended in full and not being available. On the other hand, how may one expect present conditions will be improved upon by a Board such as the Chamber of Commerce proposes, compared with those which are provided by the Marine Department of the Chinese Government's Service? Will the Board be more competent, more economical, more impartial, more authoritative or less political than the existing international service with its already recognised status, long local experience and sufficient capacity for prompt expansion to the extent required? If these questions cannot be answered affirmatively there is no good purpose such a Board can fulfil.

The Board proposed will be formed of nine men. Can there be found in the Community nine suitable men with the necessary interest in the subject and time to attend to it, of sufficient position to command respect, and fit to be entrusted with the expenditure of millions of taels? That there are some such men is a truism it would be insulting to deny: but are there enough, and are those who are suitable available? It may be said, of course, that the whole affairs of the Northern Settlements are managed by nine men picked out of the community, managed fairly well too, if somewhat extravagantly. But does any one profess that all the nine are always quite the men who would be on the Municipal Board if more volunteers for places on it could be found? There have been Municipal Councillors seated *faute de mieux*. It is admitted that many excellent, and sometimes the best, men refuse to serve on the Municipal Council because they cannot give the time: some for the same reason after a short experience decline re-election. If the Council takes so much of its members' time, it may be assumed

none of them have any for sitting on another very exacting Board, and that all Municipal Councillors will exclude themselves from the obligations of a new Board, thus lessening the available men.

The Municipal Council hardly serves as a precedent for a Conservancy Board. No new institution to do one kind of work can be formed exactly on the lines of an old one doing another, whose strength lies in the facts that it came into the world peacefully, has grown with time, has produced traditions to live up to and to serve for its restraint. Can one depend that a non-political Conservancy Board can be established at this time of day when all of a dozen Powers are contesting for political influence in every and any direction where it can be obtained? Such was possible forty years ago when the interests of three Powers were supreme and the undertaking small: is it possible now? If all the nine men on the Board proposed could represent each a separate nationality, several Treaty Powers would still be unrepresented. How will it be arranged who they shall be? Will they be satisfied with the arrangement if it is made?

The Board is to elect its own Chairman—for what period?—and appoint and pay its own Secretary and Engineer. Unless it is very different from other such Committees it will practically come under the control of these three. They will lead and pull: the others will push, not with muscle but by weight, and probably with their backs to the object in view. Such positions can surely not be filled by men whom all those interested will long be satisfied with. Their appointments will be the subject of intrigue,—as indications already show.

The Board, to be respected, should be composed of thoroughly impartial men. Questions of Wharf extending, buoy laying, land improving, dock building, and dredging in this, that or the other locality will arise. Can these questions be expected to be impartially dealt with by men who direct wharves, control dock companies or own steamers? No doubt it will be answered, "Yes, they will control one another." On the other hand, they might combine against the outsider. Log-rolling and axe-grinding can be unconsciously effected by absolutely honest men, and even they are better out of the way of the risk of it. Any one must admit the desirability of having the Board composed of men whose personal interests can not be affected by its decisions, if such is possible.

It is altogether too large and unwieldy. The more men the more opinions and the less the chance of quickly reaching a good

one. Will all those members who have Great Powers at their backs and who are not Chairmen or Vice-Chairmen be content to give these men place and take the "lower rooms" without shame?

As to the duties it is proposed to place on the Board:

1°. *It is to issue regulations for the traffic*—not only for vessels trading with the Settlements but for all the native craft in all the waterways *within* the area of the Foreign Settlements, whatever that means. Hitherto the great waterway has been *without* the Foreign Settlements.

2°. *Dredging and Bunding*.—It is simply to take over the power the Harbour Master now exercises.

3°. *Removal of obstacles*.—To have full power to remove and where necessary recover cost. Unless it is to administer a new International Code of Law it will have just as little power and as much trouble in recovering cost as there is now. There is only the law and the Consular Court of the offender's nationality to depend on for redress. Is it expected that the Board will be given power to assess the damages and itself enforce its judgment? If so, it would be an advantage to the public.

4°. *Control of Lights*.—This means the maintaining of a separate Lights Staff,—Engineering and Tending—which, seeing the Customs' Staff is on the ground, will mean the keeping of two sets of men to do work now done by one.

It is understood a comprehensive scheme for lighting the approaches to Shanghai is now under weigh. It might be wise that its execution should be suspended till the Board's judgment on its suitability to its own scheme has been given.

5°. *To receive a proportion of the Tonnage Dues*.—Remarks above show that this is proposed in ignorance of what Tonnage Dues are available. The proposal says sufficient is to be paid to cover cost of such work or duties as would be carried out by the Harbour authorities were the Board not in existence. Presumably that means such works and duties as the Harbour Master now discharges. It is hardly proposed that it should have the power of increasing both indefinitely and demanding a proportionate indefinite amount of Tonnage Dues to pay for the increase without regard to other obligations imposed on them.

6°. *Control of Conservancy work*.—This is to extend to an undefined distance, "outside the proposed limit of their jurisdiction."

7°. The Board is to have power to enforce payment of its legalised demands, presumably without Consular intervention, as Consular aid is only provided for "enforcing regulations." It has no doubt been recognised that to do its work effectively it must also have the power, if the Conservancy scheme requires it, to appropriate land, close waterways, etc., whether they are foreign or Chinese-owned.

8°. *Police and Watchmen and Harbour Master.*—These being intended to be Board employés acting in connection with vessels afloat and yet independent of the Customs, is it proposed that they should function with or without regard to revenue considerations; and if in circumstances they and the Revenue preventive service have to act on different lines, how are their various positions, duties and interests to be reconciled?

9°. *Control of Pilotage Service.*—This goes against the International Pilotage Regulations which confirm to the Chinese Government its natural right to issue Pilots' Licences in all the ports of China. Whether a local Board can give a better service than there is, can only be found by trial; but the Pilots can hardly be expected to accept as their judges a Board composed partly of, and surely likely to be largely influenced by, the very men with whom they are most likely to have difficulties—those representing the shipping interest.

The sum of these criticisms, each of which may appear in itself insignificant, simply comes to this:—It is proposed to take the control not only of Conservancy but of everything tangible within reach out of hands which have administered them with fair success,—which, with more support and less cavilling, might have been greater,—and putting it into new ones whose capacity to do better has yet to be demonstrated.

The reasons which have hitherto influenced the European Powers to move with less energy and rapidity in this matter than Shanghai desired is no doubt due to the facts:—

- 1°. That they realise the weakness of their case if pressed on grounds that they have a legal and valid claim:
- 2°. That allowing a foreign Board, with no national status, to undertake work which should be done, if done at all, by the Sovereign Power, means implicitly if not explicitly relieving that Power of all responsibility concerning it:

- 3°. That for the doings of such a Board they themselves become responsible. The Board becomes the agent of the Powers: the Shanghai Community has not yet a status in the world justifying its taking national work in hand as its own:
- 4°. The control of the Board by the Powers can only be effected, when such becomes seriously necessary, by the cumbrous and slow moving machinery of the International Concert, which cannot be set in motion unless unanimity exists in it:
- 5°. The Court of three Consuls without any,—but possibly diplomatic,—appeal from it provided for, would hardly be considered by all the Powers a sufficient protection for their interests.

These grave considerations against its own scheme the Chamber of Commerce, if it sees them, does not offer any arguments to refute. It expects that its plan will be adopted in spite of them, and that of the antagonism, visible and invisible, active or passive, which the high-handed supercession of Chinese Sovereignty will naturally provoke, no thought whatever will be taken.

VII.—The foregoing pages have been devoted to demolition and to clearing the ground: the writer may now proceed to offer suggestions for construction.

The first thing to be done is to arrive at a definite opinion as to what is wanted and how it is best to meet the want, at what cost it can be met, and whether what seems possible of accomplishment is sufficient to justify the outlay. In a word, a definite Conservancy plan has to be decided on, so that the Community can meet the question, Do you know what you want? with a decided affirmative answer.

Many schemes have been proposed, much information has been gathered, collated and registered: all those schemes have no doubt merits: none probably can be accepted as it stands as absolutely perfect or even the best possible.

How can that best be got at, and who is to decide what *best* is? The writer would suggest that that scheme be accepted which the highest engineering professional opinion obtainable approves. Who will be the Engineering consultant? The names of Sir Charles Hartley, of Mr. Matthews of Coode, Sons and Matthews, of various

eminent American Engineers, of a gentleman at Bremen, have all been mentioned, and there is Mr. de Rijke of Japan who has himself put forward the only full scheme yet seen. If the community is satisfied with that—and the Chinese Government can be expected to put up money on it—let it be accepted. If not, an eminent engineer might be invited to come and see the *locale* and produce a new scheme or offer suggestions for amendment of some proposed one. The consultant might be selected through the British or United States,—or indeed any,—government whose men have had such experience of large rivers as can be best gained in N. or S. America, Egypt or India. It seems possible to the writer that it may not be absolutely necessary to require such a man to come to China. All the history, surveys and information necessary can be laid before him, and if needs be he could send out a trustworthy subordinate to verify it on the spot. His “opinion” could be taken, and the general plan of work considered by him the best laid down, the details to be carried out on his lines by other working engineers.

That done, the perfected scheme should be taken to the diplomatic Corps, which should be asked to submit it to the Chinese Government with some such introduction as this:—We wish this done; it is you who should do it; we want it undertaken without delay; it will cost so much; you can do it all, if you wish and as you wish and find all the money; but we are ready to find a certain proportion if you are prepared to find the rest and to allow us to have a supervision of the expenditure of it and to have as much say in the carrying out of the work as will secure its being done properly and thoroughly and without injury to our interests. This is a clear and specific proposal. The writer leaves it to diplomacy to find the arguments necessary for urging it and getting an answer to it. Whether the Chinese Government decides to do the whole work or to do it in company with a foreign representation of the foreign contribution, it will naturally, seeing that in either case it is carrying out an act of sovereignty in its own country, expect that its agents should take the lead, and those agents, seeing that only foreigners have the capacity to do such work, would naturally be its own foreign employés, the Marine Department of the Inspectorate-General of Customs.

The Chinese Government is pretty sure to ask in what form and to what extent foreign representation is desired and can be sanctioned. It probably will not answer the question itself but will leave it to some one to suggest something which it can, with a due regard to its own self-respect, approve: the writer will offer a suggestion.

The work of Conservancy should be put in the hands of a Committee or Board to be appointed by the Chinese Government and to act as its agent; this Committee to consist of five members:—

The Harbour Master at Shanghai;

The Commissioner of Customs at Shanghai, or some other nominee of the Inspector-General, to represent Revenue interests;

A Chinese of official rank who will speak the foreign language of the Committee, to be appointed by the Nanking Viceroy or the Governor of Kiangsu;

A foreign gentleman to represent the shipping interests of the port;

Another to represent other local interests generally.

The Secretary to be selected from the Customs, Consular or Municipal staffs, the accounts to be kept by a Customs' man, all to be subordinated to the Board and paid their salaries from its funds. The Harbour and Engineering staff of the Customs to be the professional controllers of the work (only to be paid expenses) and to have associated with them as many additional men as the Board considers necessary and chooses to pay, which men would probably be best supplied through the consulting Engineer and approved by him.

The accounts of the Board to be submitted to the Government, communicated to the Foreign Ministers and published annually.

The Chinese member is suggested for the services he can render when land and such questions come up, and generally as an intermediary in the many which will surely arise with local authorities.

The foreign representatives should hold office for two years and one should go out and be replaced every year. In this way, though it will be impossible to have every special interest and all nationalities represented all the time, there will be the opportunity of each securing a representation during some period of the Board's existence.

The Harbour Master will continue to exercise the functions now in his hands, somewhat strengthened by having such a Body behind him, and the composite Board could fairly be given all the new authority sought for by the Chamber of Commerce's proposed one. Its regulations, being Chinese-made and foreign-sanctioned,—as all regulations now are,—would have the force of law and could be supported by the Chinese Government. Made by the Chamber of

Commerce Board as suggested they would receive from the Chinese Government about the same amount of approval and support as the Land Regulations have had.

This scheme upsets no existing authority, can be supported as of an international character, will go some way to secure foreign and Chinese collaboration and to get Chinese official sympathy, and it gives all foreign Powers an equal say, as any harm it may be alleged to have done as a Chinese institution can be appealed against to the Chinese Foreign Office by any Minister with or without the support of his colleagues.

The foreign representation can be easily made non-political and local by placing the nomination of the members either in the hands of the public generally (by election) or in those of public bodies, the Chamber of Commerce, the Municipal Council, the Consular Body, the French Council and so on, or these bodies might be allowed to nominate in rotation to vacancies occurring.

There is nothing in this scheme overriding the sovereignty of the Chinese Government in its own waters. The principle of Conservancy works by the Imperial authority in national waterways is established as facts show. The Government tries to control the Yellow River; it occasionally dredges the Grand Canal and its approaches; and during the last ten years it has emptied and made efforts to deepen the Soochow Creek, the effect of which is no longer useful if it ever was.

There remains for consideration the question of Finance. This, as well as all questions of detail, cannot be satisfactorily dealt with till the definite scheme is approved. Mr. de Rijke estimated the cost of carrying out his plan B, which deals with the river only from The Point to the Yangtze and provides for the improvement of the Junk Channel and its substitution for the present ship channel (see page 49 of his report dated Tokio, 10th January, 1898) as not to exceed three millions (3,000,000) of taels. Another authority, whose opinion should carry weight, informs the writer that "He does not consider any scheme would be complete and comprehensive which did not include the whole river from the Kiangnan Arsenal outwards, and that for that it would be necessary to have not less than four million taels available at the outset in order that the work might be undertaken on a scale commensurate with its magnitude and calculated to insure its completion at the earliest practicable date with the minimum outlay of money. Such a work cannot be carried out piece meal. The thing to be done then is to provide for a loan of that amount and means for paying (1) interest, (2)

sinking fund, (3) expenses of maintenance and such dredging or other work as would always be necessary to a greater or less degree in order to preserve the waterway."

In a recent telegram from Europe it was announced that a German engineer at Bremen also had a scheme estimated to cost four million taels. There are people who think a really complete scheme cannot be carried out for that sum, but for the present one may figure on it as being the highest so far suggested. If it can be cut down, so much the better. It is probable all that money will not be required at the very start, but a considerable sum will surely be wanted to pay the preliminary expenses of plant, dredgers, tugs, lighters, lumber, stone, compensation for land, Zinkstucks and such, and for carrying on the work of beginning. We may assume this sum to be Tls. 2,000,000. That must be raised by borrowing at once: a similar amount will be wanted later, but that can be borrowed in a lump or by degrees or provided annually as may be expedient. In which way it will be best to do it can only be decided when it is seen what pace is the quickest, and therefore the best, at which the work can be made to go. It is probable that the money can be got at 6% and that Tls. 400,000 a year will be enough to provide interest and sinking fund on any loan made and to extinguish it in 12 years, at the same time providing enough for annual working expenses during the time of making the waterway and maintaining it in working order until the loan is paid off. By that time it will be seen how much should be annually spent on maintenance, for it is hardly to be expected that any scheme can be so perfect that work once done can be left to take care of itself; the question of expenditure to be provided for that purpose need not, however, be considered now.

All moneys for the service of the Conservancy Board should, if levied on ships or cargoes, be collected by the Customs as Tonnage and Wharfage Dues are, and all charges on land by the Municipalities. On the security of these payments and of the Chinese Government contribution, the Board could raise loans by the issue of Bonds to the extent required and authorised.

As to the means of raising the money to be contributed by the Community with the least unpopularity, the writer need not suggest anything new. It is sufficient to take what the Chamber of Commerce calls "Possible sources of revenue." From these the Chamber holds that Tls. 200,000 or thereabouts can on the Municipal figures of 1900 be raised from foreign sources. This figure is arrived at by subtracting, from a total of Tls. 334,500, Tls. 120,000 which it proposes to get from Tonnage Dues, but which

as shown above quite clearly cannot be got from those paid by foreign vessels, wherever else it may be got from and also say \$11,000 for the surtax of five candareens a ton it proposed to be levied on Chinese vessels, which is, if levied as suggested, properly to be put down as a Chinese contribution. It will be best to decide what amount the Community can pay towards a scheme big enough to give promise of thorough efficiency, and discuss on what heads of taxable commodities it can be made to fall. It seems as if Tls. 1 per 1,000 is a very small charge on property, much of which is able to pay 10% and some more. Tls. 1.25 or Tls. 1.50 does not appear under the circumstances oppressive. It should be a tax on ownership of land and houses, not an occupiers' tax.

The Chamber proposes, and very properly proposes, a charge on water frontage property, but the tax on riparian settlement land should not be the same as on *hinterland* property, and all riparian property should not be taxed at the same rate. Between Kiangnan Arsenal and the mouth of the River there are probably 160,000 feet of frontage on the two sides of the River. Some is practically unapproachable owing to shoal water; some on the right bank in the bends is gradually disappearing. There should be a differential scale of payment,—riparian land owned as paddy fields and riparian land owned by people who make twenty per cent on their well-watered property, the basis of which cost almost nothing, should not be put quite on a par.

It is somewhat a question whether all vessels should be surtaxed on Tonnage Dues at the same rate, or whether something more should not be put on deep draught vessels, whose interests are most directly benefited, than on smaller ones whose benefits, if their owners admit any, are indirect. A surtax on Tonnage Dues is, however, a handy way of collecting the money and Tonnage capacity is likely the best standard of a ship's earning capability.

The Chamber wants Tls. 120,000 from the Chinese Government from the Tonnage Dues: it probably will not desist from wanting it from somewhere else because it is proved it cannot be got from that particular source,—and it can hardly be expected to. The Chinese Government, if ill advised, might say it was not legally called upon to pay anything and would pay nothing. The writer does not expect it to say that. It is more likely to see how much as a maximum it can give with acceptance and look around to see from what funds it could be paid, or where found. The devising of ways and means in the Chinese Government's business may be left to itself. It would be only right, however, that it should consent

to the same surtax on Chinese vessels' Tonnage Dues as what the Chamber proposes on foreign ones; that may bring in, say, Tls. 11,000 a year; it might be also expected to pay something from the Tonnage Dues of Chinese steam vessels: a certain amount from the Taotai's collection on junks would not be unreasonable; they occupy a part of the harbour it is proposed to benefit, and they stick to it whether other parts contract or not: the local guilds, companies—other than steamer—and administrations might pay a contribution; a certain claim on the fund, whatever it is, which provides for such work as the digging out of the Soochow Creek might be admitted. For the rest, Chinese Government plans would be devised.

It should not be lost sight of that the Chinese vessels which frequent the port are all light draught ones, and that by such the injury the condition of the Bar does their business is not much felt so far.

In doing the work proposed it is almost certain some low-lying land will be bunded and raised by the spreading on it of the mud dug from the river bed, and the right to do so should be within the competence of the Conservancy authority. Some land would be "made," that is, recovered from the water, which should be looked on as an asset of the same authority, to be sold by auction or otherwise offered to the public as favourable occasion of doing so occurred. The proceeds would be useable in reduction of expenditure and would serve as a set off to land which would have to be purchased and removed.

All the above has been written in the belief that some form of River Conservancy and waterway protection is desirable and worthy of being attempted if even a considerable cost gives reasonable promise of a successful issue. Statements made and arguments used are intended to enlighten those who will have a say in the decision of what will be done and of how money will be raised, on points of which it appears they are now in ignorance or which they have not seen with all the light on them which could be brought to bear. All that the writer, for years interested in this subject, has now in view is to secure that the best results shall be accomplished in the way which offers the most impartial administration, the most economical execution, lays the incidence of taxation most near where the benefits fall, and promises the least friction among the numerous interests of so many kinds directly and indirectly involved.

June 1901.

THE CHINESE LIGHTHOUSE SERVICE,*

BY

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the Chinese Imperial Maritime Customs Service.

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INTRODUCTION.

As China has been somewhat conspicuously before the world since the siege of the Legations in Peking last year, and as the question as to what is to become of her, partition or re-construction, is still unanswered, it is believed that a brief description of the present condition of the lighting of her long coast line may prove of interest. The Lighthouse Service of China is a department of the Chinese Imperial Maritime Customs, which, under the able guidance of Sir Robert Hart, has practically become the International Civil Service of the country, and embraces within its comprehensive grasp many important undertakings other than the collection of import and export duties.

It is proposed to divide this paper into seven sections under the following sub-headings: (1) Commencement of the work of lighting the Coast. (2) Brief description of the more important Lights, in chronological order. (3) The lighting of the Yangtze. (4) Special points, such as fog-signalling, water-supply, oil storage, etc. (5) Staff. (6) Buoys and Beacons. (7) System of Construction, Maintenance, and Inspection.

(1) COMMENCEMENT OF THE WORK OF LIGHTING THE COAST.

When the present Inspector-General, Sir Robert Hart, first joined the Customs Service in 1859, the coast of China was practically unlighted, with the exception of a lightship at the mouth of the Yangtze, showing a fixed *white* light; and a few native lights, which were of the most primitive construction, the illuminating apparatus consisting usually of an iron circular dish containing vegetable oil with cotton wicks floating round its edge. Their range seldom

* For a fuller and more up-to-date account *vide* Mr. T. R. Banister's work—“The Coastwise Lights of China: an illustrated account of the Chinese Maritime Customs Lights Service,” Customs publication, Shanghai, 1933.

exceeded one-and-a-half to two miles; distinctive characteristics were absent; and their exhibition was intermittent and uncertain. A few such lights still exist in out-of-the-way parts of the coast, and possibly prove of some service to fishermen and junk masters, but they are quite unreliable, and are not included in the official lists of lighthouses.

The work of lighting the coast was commenced in earnest in 1869; and in that year, Mr. D. Marr Henderson, M.Inst.C.E., was appointed Engineer to the Lighthouse Department, in which service he remained as Engineer-in-Chief until 1898, when he retired, and was succeeded by the Author, who joined the Chinese Lighthouse Service twenty-one years ago as Assistant Engineer. The designs of far the greater number of the lights in China were prepared by Mr. Henderson, and their construction was carried out under his supervision; and he may justly look back on his thirty years work in the East with pride and satisfaction.

(2) BRIEF DESCRIPTION OF THE MORE IMPORTANT LIGHTS, IN CHRONOLOGICAL ORDER.

Prior to 1869 but few lights of any importance had been established.

In 1855, a lightship was placed at the mouth of the Yangtze, off the Tungsha banks. It exhibited a fixed *white* light, which, in 1868, was altered to *red*, revolving. In 1870, the light was changed to *white*, revolving. In 1871, this vessel was replaced by a wooden lightship, which sailed out from England, and exhibited a catoptric revolving light.* A Holme's steam reed fog-horn was provided, and was sounded every ten seconds during fogs. In 1898-99, a new and greatly improved light-vessel was built in Shanghai from designs prepared in the Engineer-in-Chief's office. The vessel is composite built, with steel frames and teak planking, and her principal dimensions are: length between perpendiculares, 110 feet; breadth moulded, 25 feet; depth, 13 feet. The light is catoptric group-flashing, showing three flashes in quick succession every forty seconds.

*The lightships described in this Paper were constructed by Messrs. Dudgeon and Co., of London, the Shanghai Engineering and Shipbuilding Co., Messrs. Boyd and Co., of Shanghai, and by Messrs. Farnham and Co., of Shanghai; the lighting apparatus for lighthouses and lightships by Messrs. Wilkins and Co., Messrs. Chance Brothers, MM. Barbier et Cie, of Paris, and Messrs. Sauter, Lemonier et Cie, of Paris; the towers by Messrs. MacLellan, of Glasgow, MM. Barbier et Cie, of Paris, Messrs. Sir William Armstrong and Co., Messrs. Chance Brothers, and MM. Sauter, Lemonier et Cie, of Paris; the fog-siren machinery by Messrs. Johnson and Co., of Stratford, and Messrs. A. and F. Brown, of New York.

The apparatus consists of three sets of three 21-inch, parabolic, silvered reflectors, with 2-wick mineral-oil burners burning heavy mineral oil (mineral colza), having a flashing point of not less than 250° F. The lantern is cylindrical, 8 feet in diameter, and admits of a keeper entering it to attend to the lights. A first-class double-note fog-siren is provided, driven by air, compressed by two 9½ horse-power Hornsby-Ackroyd oil engines, either engine being capable of sounding the siren singly. The lantern and light cost £1,189, and the fog-signal £1,952. The ship cost about £6,689, exclusive of moorings.

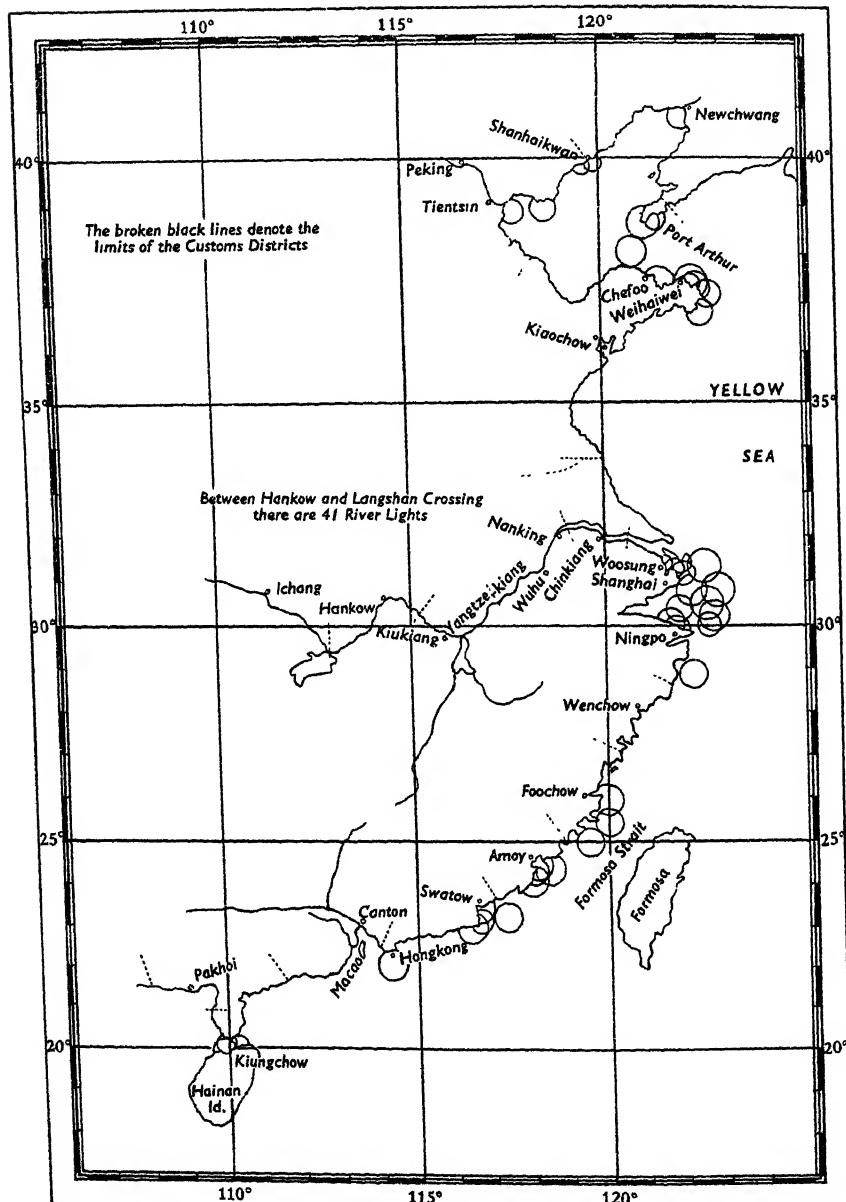
In 1859, three lighted beacons were established in the Canton river.

In 1863, a lightship was placed on the Langshan Crossing in the lower Yangtze, and after many alterations, was finally replaced by a buoy in 1877. It is probable that one or more lighted buoys, on Pintsch's system, will shortly be laid down in this part of the river. In the same year a small catoptric light was established on the island of Taeten near Amoy, and, after being temporarily suspended in 1867, owing to an attack by pirates who carried off the lighting apparatus, was superseded in 1888 by a dioptric group-occulting sixth-order lens-lantern, shown from an iron trimming hut.

In 1865, a light was exhibited at Woosung, the entrance to the Shanghai river. A new light-tower and keepers' dwellings were built at this spot in 1872; and both light and station were improved in 1873, 1875, 1878, and 1888; and the light now exhibited is a fourth-order dioptric fixed light, with *white*, *red*, and *green* sectors, indicating the best channel over the outer bar. In the same year, the entrance to Ningpo was lighted by lights on Square and Tiger Islands. These lights were replaced in 1872 by a fifth-order fixed *white* light on Square Island, and a sixth-order fixed *red* light on Tiger Island. The lights and lanterns cost £348 and £360 respectively. The towers are both of brick, as are also the keepers' dwellings. The fog-signals consist of a 5-cwt. bell sounded by machinery every fifteen seconds at Square Island, and a gong at Tiger Island. These lights remain as at first exhibited, and suffice for the present limited steamer traffic of the port.

In 1867, a light-vessel was moored off the entrance of the Liao River at Newchwang, and was replaced in 1871 by the wooden lightship "Newchwang," which was built in London and sailed out to China. Her catoptric light was originally fixed *white*, but was altered to revolving *white* in 1899.

LIGHTS ALONG THE CHINESE COAST.



In the same year, the first large sea light was exhibited on the coast, on the island of Kung Kung-tao, off the entrance to Chefoo. The illuminating apparatus is first-order catoptric, showing a fixed white light, and consists of twenty-two argand vegetable oil burners,

with fourteen 21-inch silvered reflectors on the seaward side, and eight 12-inch reflectors to landward. The light and lantern cost £968. This is the only catoptric shore light now existing in China. The tower is a very old-fashioned, clumsy, brick and stone structure of great strength, and is thirty feet in height to the lantern gallery. The keepers are lodged, as is usual in the Chinese lighthouse service, in comfortable houses placed at some little distance from the tower. The light is elevated 242 feet above the level of the sea, and is visible from the bridge of a vessel 22 nautical miles in clear weather. The fog-signalling arrangements consist of two cast-iron cannon, which are fired in response to a steamer's whistle or other sound, indicating the proximity of a vessel. During this year the lighting of the Yangtze was commenced, some seven small lights being established as a beginning. The lighting of this vast river will be referred to at greater length later on.

In 1868, a small lighthouse with a wooden pile tower was established at the Kiutoan small beacon in the Yangtze estuary. Originally a sixth-order dioptric fixed *white* light, it was altered to *red* in 1878, and in 1895 was replaced by a sixth-order lens-lantern, showing a group-occulting *white* light, and erected closer to the bank of the river which had been receding considerably from the site of the old beacon.

In 1869, a third-order dioptric fixed light, burning vegetable oil, was placed on the small island of Gutzlaff, outside the Yangtze estuary. No tower was built, but a lantern with a high cast-iron murette was carried on stone foundations on the summit of the island. The lantern and light were replaced in 1900 by a steel tower 25 feet in height, surmounted by a lantern having an internal diameter of 8 feet $2\frac{1}{2}$ inches with vertical standards and curved glazing. The new light is four-sided third-order dioptric lightning-flashing, and is revolved on mercury. It shows one *white* flash every five seconds, and is the most rapid flashing light on the Chinese coast; and in spite of its great brilliancy, it must be confessed that the exceedingly short duration of the flash causes the system to be less popular with mariners than the older lights with longer flashes, on account of the difficulty of taking accurate bearings. The new tower, lantern, and light cost £2,584.

The light is elevated 283 feet above sea-level, and is visible in clear weather for about 24 miles. Two cast-iron cannon are provided, which are fired during foggy weather in response to any sound indicating the proximity of a vessel. Comfortable brick dwellings are provided for the keepers, and also for the *employés*

of the Great Northern Telegraph Co. who, by special permission of the Chinese Government, have a cable-testing station here, and telegraph the arrival of mail steamers, etc.

During 1870, eleven new lights were established on the Yangtze; and a first-order dioptric revolving light showing a *white* flash every minute was exhibited on North Saddle Island, outside the entrance to the Yangtze. The tower, which is 25 feet in height to the lantern gallery, is built of brick, as are also the light-keepers' dwellings. The lantern has vertical framing with horizontal astragals and flat glazing. The light and lantern cost £3,148. In 1899, the 4-wick vegetable oil burner was replaced by a 6-wick mineral oil burner, a larger pressure lamp holding 12 gallons being provided at the same time. The light is elevated 273 feet above sea-level, and is visible in clear weather over 23 nautical miles. The fog-signalling arrangements consist of two cast-iron cannon, fired in response to any sound indicating a vessel's proximity.

During 1871, the lighting of the Yangtze was continued by the addition of six new lights; and first-order lights were established on the coast at Shaweishan, Chapel Island, and Middle Dog. The Shaweishan light is built on a small island to the north of the entrance to the Yangtze. The optical apparatus is first-order dioptric, and originally showed a fixed *white* light, but was altered in 1899 to occulting, at which date the 4-wick vegetable oil burner was replaced by a 6-wick mineral oil burner, and a larger pressure lamp was provided. The lantern is glazed with flat glass, and has inclined standards and horizontal astragals. The tower is of cast-iron, and is 25 feet high to the lantern gallery. The keepers are housed in substantial brick bungalows. The lantern and light cost £2,799; and the cost of altering the light from fixed to occulting, and also of improving the burner and lamp, amounted to £477. Two cast-iron cannon are provided for fog-signalling, and are fired in response to any sound indicating the proximity of a vessel. The light is elevated 229 feet above sea-level, and is visible in clear weather about 22 nautical miles.

Chapel Island Light is built on a small island outside the entrance to Amoy Harbour, and is a first-order dioptric fixed and flashing light showing *white* flashes every half minute. The upper and lower prisms are fixed, while the lenses revolve. The lantern is 12 feet in diameter, has a high cast-iron murette, and is glazed with flat glass with inclined standards and horizontal astragals. The tower, which is of brick, is 35 feet in height to the lantern gallery. In 1899, a 6-wick mineral oil burner was substituted for

the 4-wick vegetable oil one originally supplied. The keepers' dwellings are of brick. The fog-signalling arrangements consist of two cast-iron cannon. A gun-cotton detonating apparatus was tried at this station, but was given up in favour of the guns, owing to the difficulty experienced with the detonators in the climate of China, and to the marked preference of mariners, running on the coast, for the gun signals. The light is elevated 227 feet above sea-level, and is visible 22 miles in clear weather. Middle Dog is the outermost of a group of islands lying off the mouth of the Min River, the approach to the Treaty Port of Foochow. The lantern and light are similar in all respects to those at Chapel Island, and cost £3,196. The burner was improved from 4-wick vegetable to 6-wick mineral in 1899. The tower is of granite, 35 feet in height to the lantern gallery; and the keepers' dwellings are of brick and granite. Cast-iron cannon are used for fog-signalling with. The light is elevated 257 feet above sea-level, and is visible 23 miles in clear weather.

In 1872, four more lights were established on the Yangtze; and a fourth order dioptric fixed *white* light was exhibited on West Volcano, on the route between Shanghai and Ningpo. The lantern and light cost £450. The tower is of stone, 20 feet in height to the gallery, and the light-keepers' dwellings are of brick. Fog-signalling cannon are provided. The light is elevated 93 feet above sea-level, and is visible in clear weather 15 miles. During this year range marks were exhibited at the Woosung Inner Bar, consisting of sixth-order lens-lanterns hoisted on masts, the lower light *white* and the upper one *red*.

In 1873, three more lights were added on the Yangtze; and a first-order light was established on Turnabout in the Formosa Channel, a difficult site to deal with both for construction and for maintenance, on account of its exposed position. The light, which is dioptric first-order, was originally a fixed one with a 4-wick vegetable oil burner; but in 1899 it was altered to occulting, and a 6-wick mineral oil burner was provided. The lantern is 12 feet in diameter, has inclined standards with horizontal astragals and flat glazing; and the lantern and light cost £2,801. The tower is of stone, 25 feet high to the gallery, and the keepers' dwellings are of brick. Cast-iron cannon are provided for fog-signalling purposes. The light is elevated 257 feet above sea-level, and is visible 23 miles in clear weather. This station has suffered more damage from typhoons than any of the other Chinese lighthouses.

In 1874, the largest island of the Lamocks group, outside the entrance to the Treaty Port of Swatow, was lighted by a first-order light on its summit, and a fourth-order low light sending a *red* beam

to the southward over certain dangers known as Boat and White Rocks. The first-order light is dioptric, and originally showed a fixed *white* light, which was changed to *white* occulting in 1899, the 4-wick vegetable oil burner being at the same time replaced by a 6-wick mineral oil one. The lantern and light are similar to those on Shaweishan and Turnabout. The tower, which is 25 feet high and of cast-iron, cost £1,305. The keepers' dwellings are of brick. Cast-iron cannon are used for fog-signalling purposes. The light is elevated 241 feet above sea-level, and is visible 22 miles in clear weather. The low light is exhibited from a brick building on the southern slope of the island. It is a fourth-order dioptric condensing light, showing a *red* arc of 16 degrees over the Boat and White Rocks. The apparatus cost £220.

In this year, 1874, the north-east promontory of Shantung was marked by a first-order dioptric light, which originally showed a fixed *white* light with *red* sectors over Alceste Island and Martha Point, but was changed to occulting in 1892, when a 6-wick mineral oil burner with a fountain lamp was provided. The lantern is 12 feet in diameter, with a high cast-iron murette, and has flat glazing with inclined standards and horizontal astragals. The lantern and light, including the dioptric mirror, burners, etc., cost £3,131. In 1876, the burners and lamps were changed at a cost of £148. The extra cost of the occulting machinery and new burners provided in 1892, was £373. The tower is of stone, 35 feet in height to the gallery; and the light-keepers' dwellings are of brick. The centre of the light is 220 feet above sea-level; and the light is visible about 22 miles in clear weather.

In 1893, a powerful first-class double note fog-siren was erected at this station. The siren is sounded by compressed air, which is supplied from two store-holders, filled to a pressure of 100 lbs. per square inch, by two eleven horse-power Priestman oil engines. The machinery cost £3,002; and the siren house, which is a substantial brick building with an iron and concrete roof, and water and oil tanks in the basement, cost \$4,010, or about £401. The signal, which is sounded during foggy weather or snow-storms, consists of two blasts, high and low, every two minutes.

In 1875, a first-order eight-sided dioptric revolving light, showing a *white* flash every minute, was exhibited on Ockseu Island in the Formosa Channel. The lantern is 12 feet in diameter, and has a high cast-iron murette, rectangular framing, and curved glazing. A 6-wick Doty burner is used with a fountain lamp. The lantern and light cost £3,321. The tower is of stone, 35 feet

in height to the lantern gallery; and the keepers' dwellings are of brick. Cast-iron cannon are provided for fog-signalling purposes. The light is elevated 286 feet above sea-level, and is visible 24 miles in clear weather.

In the same year, fourth-order fixed lights were established on Fisher Island in the Pescadores, and on Tsingseu Island, at the entrance to Amoy harbour. The latter light has *red* cuts over the Chauchat Rocks, and inshore of Fort Point. The tower on the Pescadores is of cast-iron, 20 feet in height to the gallery; and the lantern, light, and tower cost £901. The keepers' houses are of brick and stone. The light was built on the site of an interesting old Chinese light-tower, which was not, however, considered sufficiently trustworthy to carry the new lantern. The Fisher Island Light is now in the hands of the Japanese Government. The tower at Tsingseu is octagonal and built of brick, and is 20 feet high to the gallery. The lantern and light cost £501. Fog-signalling cannon are provided at both these stations.

In 1877, one new river light was exhibited in the Yangtze.

In 1878, two new light-vessels were established, one on the Kiutoan flats in the Yangtze estuary, and the other off the Taku Bar at the entrance to the Peiho. The former vessel is a composite ship, 81½ feet long by 21½ feet beam and 10½ feet deep, with iron framing and teak planking. The light was originally catoptric, showing a fixed *white* light from sixteen 12-inch silvered reflectors. It was altered to revolving in 1899, by grouping nine of the original reflectors into three faces; and it now shows a *white* flash every half-minute. During foggy weather a 10-cwt. bell is struck three double blows every minute by machinery. The lantern and light cost £766; and the fog-bell cost £245. The first light on the Taku Bar consisted of three sixth-order lens-lanterns, showing a fixed *white* light exhibited from the hulk "Aden." This hulk capsized at her moorings in 1879, and in 1880; a sister vessel to the "Kiutoan" was placed on the station, and has since 1887 shown a catoptric revolving light giving *white* flashes every half-minute. During foggy weather, which is of rare occurrence at Taku, a gong is sounded at one minute intervals. In both ships the lights are elevated 35 feet above the sea, and are visible 11 miles in clear weather.

In 1880, the entrance to the Treaty Port of Swatow was lighted by the exhibition of a fourth-order dioptric light on Good Hope Cape, and a sixth-order dioptric light on Sugar-loaf. The light on Good Hope Cape is carried on a cast-iron tower 9 feet 10½ inches

high to the lantern gallery. The lantern is 6 feet 7 inches diameter inside the glazing, which is curved; and the standards are vertical. The optical apparatus is arranged to show a fixed *red* light from S. 32° E. to S. 10° E., an occulting *white* light from S. 10° E. round by S. and W. to N. $8\frac{1}{2}^{\circ}$ E., and an occulting *red* light from N. $8\frac{1}{2}^{\circ}$ E. until cut off by Ma-urh Point. The occultation is performed by a blackened vertical screen revolving round the apparatus; and the *red* sector for Ma-urh Point is produced by simple ruby shades arranged inside the lantern. The *fixed red* light is produced by the use of a holophote on the landward, or blank arc side, which throws its light on to a panel of five vertical condensing prisms which divert the rays through ruby shades in the lantern, and by direct rays from the apparatus passing through other ruby shades. Thus, when the direct light from the optical apparatus is eclipsed by the screen, the light from the condensing prisms remains visible, and *vice versa*. The keepers' dwellings are of brick. Cast-iron cannon are provided for fog-signalling purposes.

Sugar-loaf light is exhibited from a small cast-iron tower, 9 feet 6 inches in height, and consists of a sixth-order dioptric apparatus showing a fixed *white* light varied by *red* flashes at half-minute intervals. These *red* flashes are produced by vertical red refractors which are revolved round the apparatus. The lantern has curved glazing and vertical standards. The light-keepers' dwellings are of brick. In this year a first-order light was placed on one of the most important and dangerous turning-points on the coast, Breaker Point, about 30 miles south of Swatow. As the site is a low one, a tower of considerable height was required, and it is 92 feet to the lantern gallery, with a total height of 120 feet to the vane. It consists of a wrought-iron cylinder or tube, containing the staircase, enlarged at the top to a diameter of 12 feet, to form a service room and to carry the lantern; and it is stayed with eight large wrought-iron stays, arranged in pairs, braced together and secured to anchor bolts embedded in Portland cement concrete. The tower was designed by Mr. George Rendel, and cost £4,556. The lantern has a low murette with curved glazing, inclined standards, and horizontal astragals. The light is first-order dioptric *white* occulting, the occultations being produced by a light iron cylinder, of slightly larger diameter than the burner, alternately raised and lowered by suitable clock-work mechanism. *Red* cuts are arranged over outlying dangers up and down the coast; and vertical condensing prisms are employed for strengthening the cuts. A 6-wick mineral oil burner is used with a fountain lamp. The lantern and light cost £3,077. The keepers' dwellings, which are

extensive, are of brick. Fog-signalling is carried out with cast-iron cannon. The light is elevated 152½ feet above sea-level, and is visible 19 miles in clear weather.

In 1882, first-order lights were established on Howki Island and on Dodd Island. Howki Island is in the Gulf of Pechili, in the direct track of steamers running between Chefoo and Taku; and the light is first-order dioptric 8-sided revolving, showing a *white* flash every half minute. The lantern has inclined standards, horizontal astragals, and curved glazing; and the cast-iron murette is 4 feet 6 inches high. The tower, which is of dressed granite, is 20 feet high to the lantern gallery. The keepers' houses are also of dressed granite. Cast-iron cannon are provided for fog-signalling. The light is elevated 328½ feet above sea-level, and is visible 25 miles in clear weather.

Dodd Island is a small island situated close to the coast about twenty-five miles north-east of Amoy, and has a dangerous outlying reef known as Dodd Ledge. The light is first-order dioptric *white* occulting, with *red* sectors over the dangers to the north and south. The lantern is 13 feet in diameter with a 4 feet 6 inches cast-iron murette, and has curved glazing with inclined standards and horizontal astragals. The occulting machinery is similar to that at Breaker Point. The lantern and light cost £3,198. The tower, which is 50 feet high to the gallery, is a handsome brick structure with granite lintels, sills, gallery, and stringer courses, and is constructed with double walls having an annular ventilating space between them. This tower was built at the low cost of 8,106 Mexican dollars, or about £810 at the present rate of exchange. The keepers' dwellings are of brick. Cast-iron cannon are used for fog-signalling. The centre of the light is elevated 147 feet above sea-level; and the light is visible eighteen miles in clear weather. In this year, a small dioptric fixed light was placed on Fort Zealandia at Anping, Formosa, as a guide to vessels coming to an anchorage in the roadstead.

In 1883, the south cape of Formosa was lighted by a first-order dioptric *white* light, with a *red* sector over the south-west cape. This lighthouse was of somewhat exceptional construction, and had to be fortified, as the district in which it was built is inhabited by savages. The lantern, which had curved glazing and rectangular framing, had revolving steel shutters to protect the glass in case of an attack. The lantern gallery was loop-holed for rifle fire, and carried a five-barrelled Gatling gun on gunmetal racers. The tower was of cast-iron, 50 feet high to the gallery, 19 feet 6 inches diameter at the base and 12 feet 8 inches at the top. It was fitted up with

living rooms for the foreign staff to use in case of attack. Round its base was a wrought-iron fort, 40 feet in diameter, containing living rooms for the native staff, store-rooms, a kitchen, and an armoury; and water cisterns were arranged in the basement. The staff usually lived in large brick bungalows, each room in the bungalows being connected with the wrought-iron fort by a bullet-proof passage. The compound was protected by a loop-holed brick wall, and a 20-foot ditch flanked by *caponnières*; and a barbed wire fence crowned the summit of the glacis. In addition to the ordinary staff, a guard of eight men was employed under a European gunner; and the station was armed with two Gatling guns, one Cohon mortar, and two 18-pounder cannon. As the landing on the coast at South Cape was difficult, and was frequently exposed to a heavy swell, a small creek in the coral was cleared of rocks with dynamite, and a concrete jetty 170 feet long was built on the side of the creek. The tower and refuge cost £5,881; and the light and lantern cost £3,223. The local expenditure for buildings, etc., amounted to 71,248 Mexican dollars, or about £7,125 at the present rate of exchange, or £13,656 at the rate of exchange when the station was built.

The local expenditure was divided as follows:—labour, \$24,903; materials, \$19,983; gear and plant, \$2,877; transport, \$20,313; temporary houses, \$1,232; incidental, \$1,940; total, \$71,248.

The light was elevated 180 feet above sea-level, and was visible twenty miles in clear weather. The station was, unfortunately, partially destroyed during the Chinese-Japanese war. Formosa and the Pescadores are now in possession of the Japanese, who have made some progress in lighting these islands.

In this year, 1883, third-order dioptric revolving lights were erected on Steep and Bonham Islands in the Chusan Archipelago, on the main trade route to Shanghai. These lights are similar in all respects, excepting the optical apparatus, which in the case of Steep Island shows *white* flashes every half-minute; while at Bonham, the flashes are alternately *white* and *red* of equal intensity, the lenses for the *red* flashes subtending an angle of 65° in azimuth, and those for the *white* 25°. The towers are of cast-iron 25 feet high from base to gallery. The lanterns have curved glazing with rectangular framing, and high cast-iron murettes. The towers cost £700 each; and the lanterns and lights for Steep Island cost £1,234, and £1,316 for Bonham. The keepers' dwellings are of dressed stone. Cast-iron cannon are used for fog-signalling. Both lights are visible twenty-two miles in clear weather, being elevated 243 and 237 feet above sea-level respectively.

Another important lighthouse was completed in this year at the south-east promontory, Shantung. The light is first-order dioptric, eight-sided revolving, showing one *white* flash every half minute. The lantern is 12 feet in diameter, has curved glazing with rectangular framing, and a cast-iron murette 7 feet 6 inches high. The tower, which cost £2,828, is a very handsome and highly finished cast-iron structure, 50 feet in height to the gallery. The light and lantern cost £3,412. The keepers' dwellings are of dressed stone. It was near this spot that the German man-of-war *Illes* was lost with nearly all hands in 1896. As fogs are very prevalent on the Shantung promontory, a first-class single-note steam fog-siren is provided, and gives a blast of 4 seconds duration at intervals of one-and-a-half minutes. The siren machinery, with duplicate boilers, cost £1,691. The light is elevated 96½ feet above sea-level, and is visible in clear weather over 15½ miles. In the same year, a small sixth-order dioptric fixed *white* light was exhibited at Saracen's Head, at the Port of Takow in Formosa.

In 1886, a couple of small lights were added to the list of Yangtze lights; and a sixth-order dioptric fixed *white* light, in a dwarf lantern, was placed on a brick tower, 43 feet in height, which had been built by the Chinese on the sandbank of Tsao-fei-tien near Taku. The light has been changed this year to fourth-order dioptric group-flashing, showing double *white* flashes every 20 seconds. The apparatus is floated on mercury; and the lantern has curved glazing with vertical standards, and a low wrought-iron murette. The lantern and light cost £954. As the sandbank has recently shown signs of erosion, the base of the tower has been protected by a short wall, and a brick dwelling-house has been built for the light-keepers, raised 6 feet above ground level. The light is visible 12½ miles in clear weather.

In 1888, the Tamsiu Bar in northern Formosa was lighted by two range lights of the sixth-order. Both are dioptric; and the upper one is carried on an iron column, and shows fixed *white*; while the lower one is placed on a wrought-iron screw-pile tower, the base of which is awash at half-tide, and shows fixed *white* over the navigable channel, with *red* and *green* sectors on either side.

In 1890, a fourth-order dioptric fixed *white* light, with *red* sectors over certain dangers, was exhibited on Loka Island, in the Chusan Archipelago. The tower is of stone, 17 feet high to the gallery; and the light, which is elevated 128 feet above sea-level, is visible 15 miles in clear weather. The light-keepers' dwellings are of brick. In the same year, a new sixth-order lens-lantern showing

a fixed *white* light, and hoisted on an iron lattice-work mast, was erected at Anping in place of, and further to seaward than the Fort Zealandia light.

In 1891, the harbour light at Port Arthur was taken over by the Lighthouse Department, and after being partially destroyed in the Chinese-Japanese war in 1894, was re-established as a sixth-order dioptric group-occulting light, showing *red* sectors to the westward and over Lutin Rock. The light, now in the hands of the Russians, was a lens-lantern exhibited from an iron trimming hut; and the ruby shades giving the red cuts, were arranged in frames on the roof of the hut. In the same year, the Wei-hai-wei lights were handed over to the Lighthouse Service by Admiral Ting. They consisted of a sixth-order lens-lantern on a mast on Observatory Island, and a fourth-order dioptric revolving light on a cast-iron tower on Chao-pei-tsui Point. The former was destroyed during the Chinese-Japanese war, and was not replaced; but when Wei-hai-wei was re-lighted under the author's supervision in 1898, a new light was placed on Flagstaff Point in the harbour. This light is now fourth-order dioptric group-occulting, showing arcs of *white* light over the safe channels in the two entrances to the harbour, and *red* elsewhere. It is carried on a short wrought-iron tower; its cost amounted to £1,061. The keepers are lodged in a rubble stone hut. The Chao-pei-tsui cast-iron tower is 21 feet in height to the gallery; the revolving light shows one *white* flash every half minute. The keepers' dwelling house is of rubble stone work. These Wei-hai-wei lights are now under the administration of the British Government, but are still managed by the Chinese Lighthouse Service. In this year of 1891, sixteen new small lights were exhibited on the Canton River, and one on the Yangtze.

In 1892, three more small lights were established on the Yangtze.

In 1893, first-order dioptric group-flashing lights were exhibited on Waglan Island, and at Lao-tieh-shan. Waglan is a small island just outside the entrance to Hong Kong; and the light, which is the first first-order light ever floated on mercury, is a four-sided one, each side containing a group of two lenses, and double *white* flashes are shown every half minute. The lantern has curved glazing and rectangular framing, and a high cast-iron murette, with a porch on the gallery. The tower is of cast-iron, 25 feet high to the gallery. The tower, lantern, and light cost £5,092; and the local expenditure for dwellings, etc., amounted to about £3,711. The keepers' dwellings are of stone and brick. The island is a difficult one to land on, and during the north-east monsoon, reliefs and stores have frequently to be landed with the derrick crane at the landing place.

Fog-signalling is carried out with 18-pounder cannon. The light is elevated 225 feet above sea-level, and is visible 22 miles in clear weather. This lighthouse was taken over by the British Government in March of this year.

Lao-tieh-shan is the southern extremity of the Liao-tung Peninsula, about nine miles distant from Port Arthur. The lantern, light, and tower are in every respect duplicates of those at Waglan, and cost practically the same. The buildings are of stone and brick; cast-iron cannon are provided for fog-signalling purposes. The light is elevated $315\frac{1}{2}$ feet above the sea-level, and is visible 25 miles in clear weather. This lighthouse was taken possession of by the Russians in 1898.

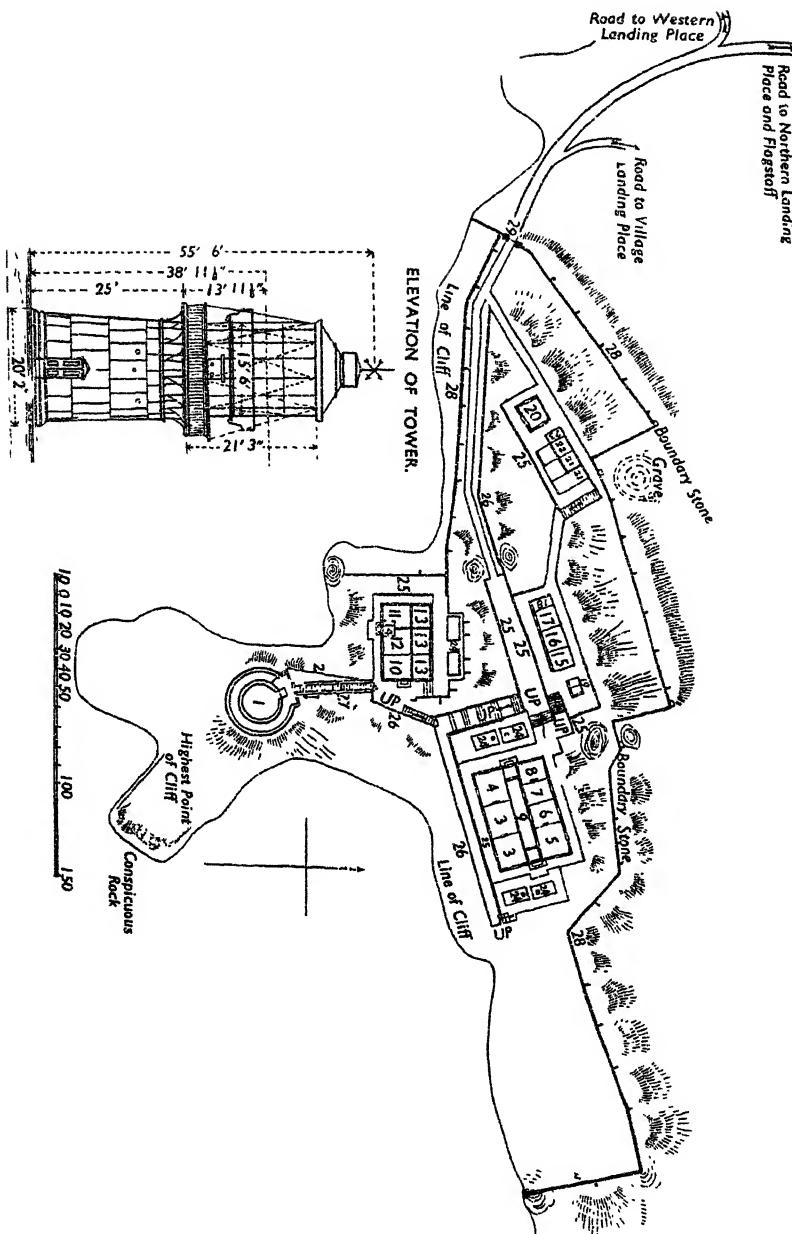
In 1893, the Feima Channel across the Woosung Bar was marked with range lights, the old bar marks being afterwards abolished. One new light was established on the Yangtze in this year.

In 1894, the lighting of the Hainan Straits was commenced; and in this year, a sixth-order revolving dioptric light, floating on mercury, showing three *white* flashes followed by a *red* one, was exhibited in Hoihow Harbour. The light is carried on a small wrought-iron tower; the tower, lantern, and light cost £827. The dwellings, which are of considerable extent in order to act partly as a sanatorium for the Customs' staff at Hoihow, are of stone.

In the same year, Lamko Point on Hainan Island, at the western entrance of the strait, was lighted by a fourth-order dioptric bi-valve light revolving on mercury, and showing one *white* flash every twenty seconds. The lantern has curved glazing and vertical standards, with a low wrought-iron murette. The tower, which is 55 feet high to the gallery, consists of a wrought-iron cylinder carrying a spiral staircase, and supported by six inclined wrought-iron piles, securely braced and strutted. The foundation consists of twelve screw piles, six for the ends of the inclined piles, and six for the central cylinder. The point on which the tower is erected is only a few feet above high water, but it is well protected from the sea by outlying reefs. The dwelling-houses are built of dressed stone. The tower, lantern, and light cost £2,583; the light is visible $13\frac{1}{2}$ miles in clear weather.

Early in 1895, a fourth-order dioptric light, revolved on mercury, showing a double *white* flash every half minute, was exhibited on the mainland on Cape Cami, immediately opposite to Lamko. The site is only a few feet above high water; and the tower is of similar construction to that at Lamko. The tower, lantern, and light cost £2,462.

CHINESE CUSTOMS SERVICE:



REFERENCE TO FIGURES IN ILLUSTRATION.

- | | | |
|---|---------------------------------|-------------------------------------|
| 1. Lighthouse tower. | 10. Chief Keeper's room | 20. Oil store. |
| 2. Lightning-conductor and earth-plate. | 11. Assistant " " | 21. Hen houses. |
| 3. Chief Keeper's room | 12. Coolies' room " | 22. Pigstyes. |
| 4. Second " " | 13. Kitchen | 23. W.C. for native keepers. |
| 5. Spare room | 14. Lobby | 24. 6 water-tanks, each 2,060 gals. |
| 6. Light's stores | 15. Foreign Keeper's store. | 25. Retaining walls. |
| 7. Boys' room | 16. Native " " | 26. Parapets. |
| 8. Kitchen | 17. Coal. | 27. Slips up to tower. |
| 9. Passage | 18. Bathroom. | 28. Boundary walls. |
| | 19. W.C.'s for foreign keepers. | 29. Entrance gate. |
- Foreign
Rooms

In this year, a very fine hyper-radial light was exhibited on Pei Yü-shan Island, about 200 miles to the south of Shanghai (see Plan). The apparatus, which is 2.66 mètres (8 feet 8 inches) in diameter, and 3.645 mètres (12 feet) high, is an especially beautiful piece of work, and is floated on mercury. The apparatus, with its cast-iron table, pivot-shaft, etc., weighs rather over 15 tons; yet so well does the mercury system minimise friction, that it can easily be pushed round with the little finger. The light is group-flashing, showing double *white* flashes every half minute; and the apparatus has four pairs of panels. The flashes will have a duration of about $1\frac{1}{3}$ seconds, and the eclipses will be alternately of about 5 and $21\frac{2}{3}$ seconds. The lantern is 15 feet 4 inches in diameter, and the glazing which is curved is 12 feet 10 inches high. The cast-iron murette is 7 feet 6 inches in height, and is lined with galvanized iron. The lantern framing is rectangular; and the lantern is braced from its cornice to the gallery balustrade, by light diagonal steel stays. The tower is a massive cast-iron structure, 25 feet to the gallery (see Elevation). The light-tower stands a little to the north-west of the remarkable cliff which forms the south-eastern extremity of Pei Yü-shan, which is marked on the British Admiralty chart No. 1759, as Sha Ho I. The tower, lantern, and light cost £8,972. The keepers' dwellings are of brick; and the local expenditure amounted to Haikuan Taels 20,394, or about £3,398. The light is elevated 345 feet above sea-level, and is visible 26 miles in clear weather.

In 1897, one more light was exhibited on the Yangtze.

In 1898, a lofty screw-pile lighthouse on the same principle as those in the Hainan Straits, but 80 feet in height to the gallery, was erected on Drinkwater Point at the northern entrance to the Yangtze. The light is fourth-order dioptric group-flashing, revolving on mercury, and shows two *white* flashes every 20 seconds. As it is always possible that this light may have to be moved, owing to future alterations in the sandbanks at the mouth of the river, the keepers' dwellings have been built of wood and are arranged to be easily removable. The tower, lantern, and light cost £3,033. The light is visible 15 miles in clear weather.

In 1899, a fourth-order dioptric occulting light was exhibited from an iron screw-pile lighthouse at Liu-Chiao, about seven miles from Drinkwater Point. The tower is 40 feet high to the gallery; and, as at Drinkwater Point, the dwellings are of wood and arranged to be easily removed. The light is visible $12\frac{1}{2}$ miles in clear weather. During this year, three of the older first-order fixed lights were

altered to occulting; and at six stations, 6-wick mineral oil burners with improved pressure lamps were substituted for the old 4-wick vegetable oil burners. One more small light was exhibited in the Yangtze during this year.

During the year 1900, the new fourth-order light and tower for Flagstaff Point, mentioned previously with the Wei-hai-wei lights, were erected. Temporary lights were established on the end of the Great Wall at Shan-hai-Kuan, and on the bluff at Chin-wang-tao at the request of the Admirals of the allied forces. Both lights are dioptric sixth-order lens-lanterns hoisted on masts; that at Shan-hai-Kuan showing a fixed *white* light, and the one at Chin-wang-tao, a group-occulting *white* light. The keepers are provided with wooden dwelling huts; and the lights are trimmed and kept during the daytime in small wooden trimming huts. Each light is visible 10 miles in clear weather.

During the present year, 1901, seven new lights have been exhibited on the Yangtze; and Tsao-fei-tien light, as previously mentioned, has been improved to fourth-order group-flashing.

(3) THE LIGHTING OF THE YANGTZE.

The Yangtze, which is the third largest river in the world, is navigable for deep-draught steamers up to Hankow, a distance of 620 miles; for light-draught steamers to Ichang, a further distance of 370 miles; and for special steamers as far as Chung King, another 400 miles and perhaps even further.

It is divided for lighting purposes into four sections:—(1) The Estuary, the lighting of which has been briefly described in the previous section of this paper; (2) the Lower river between Hankow and Woosung; (3) the Middle river between Hankow and Ichang; (4) the Upper river, all above Ichang.

The steamer traffic on the Lower river, both in numbers and tonnage, is very considerable; and this portion of the river may now be considered to be fairly well lighted. The lighting of the Middle river is only in its initial stage, partly because traffic has hitherto been small, and partly because in many places, owing to the extreme rapidity with which the river bed changes, steamers are unable to move at night, and have frequently to re-survey certain crossings with their own steam launches before proceeding. It is unlikely that any lighting could ever make the Upper river navigable

at night, as the dangers even by day are so great that of the two commercial steamers that have been put on that route, one was lost on her very first voyage.

One of the difficulties of dealing with the Yangtze is the great difference in water-level between winter and summer, amounting at Ichang and at Hankow to nearly 50 feet, and at Chungking to over 90 feet. At low water all sunken dangers come into prominence; while at extreme high water the banks and surrounding country are all submerged, and land-marks obliterated. What is chiefly needed is the marking by night and day of certain well-known land-marks and turning points, range lights on certain crossings, and marks for certain existing dangers. Sixth- and seventh-order lens-lanterns showing fixed *white* or *red* lights, and managed by native keepers, have been found most suitable for this purpose; and the shore lights are exhibited from masts, the keepers being housed in native huts. The floating lights are carried by small light-boats cheaply built on the lines of native craft. There are now thirty-five shore lights, and eighteen light-boats on the Lower and Middle Yangtze, exclusive of the Estuary lights.

(4) SPECIAL POINTS.

Fog-Signalling.—Cast-iron cannon are used for fog-signalling, excepting at four shore stations where there are continuous signals, and on light-vessels. Most of these cannon are 12- or 18-pounders, and fire charges of 3 lbs. of black powder. The signals are not continuous, but are fired in foggy weather in response to fog-horn, whistle, bell, or any other sound indicating the proximity of a vessel, and are repeated after a fixed interval if the sound continues to be heard. The signals are arranged to be different at stations in the same district. Thus the signal at Chapel Island is two guns with an interval of three minutes between them; and if the vessel's fog-signal is still heard, the firing is repeated after ten minutes; while at Dodd Island, two guns are fired with an interval of half a minute between them, and repeated after fifteen minutes. During foggy weather an extra watch is kept in the station compound, to listen for the fog-signals of vessels. The gunpowder is stored in specially built magazines carefully isolated. The average number of hours of fog during the last five years at eleven stations, which occupy prominent points on the coast, and fairly well represent the entire coast-line, was as follows:—

	Hours.		Hours.		Hours.
Lamko . . .	362	Ockseu . . .	408	N.E. Shantung	
Waglan . . .	262	Turnabout . . .	970	Promontory.	819
Breaker Point ..	506	Pei Yü-shan . .	689	Howki. . . .	365
Chapel Island	458	Gutzlaff . . .	549	Taku	223

Water-Supply.—Each station is provided with large underground water cisterns lined with Portland cement, and covered either with brick arches or with dressed stone. The storage capacity at a first-order station varies from 10,000 to 18,000 gallons; and water is collected entirely from the roofs of the dwellings, which are usually covered with corrugated galvanized iron. This water-supply has been always found to be pure and sufficient.

Oil Storage.—The mineral oil is not stored in bulk in tanks at the stations, but remains in the original tins, supplied by the manufacturers, which are kept in specially ventilated isolated oil-stores.

Landing Huts.—As the landing places are in many cases a long way from the lighthouses, store huts are sometimes erected at or near the landing place, into which all stores are placed by the crew of the tending steamer, and are carried up to the station by the staff later on as time permits.

(5) STAFF.

All the more important coast-lights have to be in charge of foreign lightkeepers; while the small lights are looked after by native keepers who have received long training at the hands of foreigners. The larger stations have two, sometimes three, foreign keepers; and the usual minimum staff for the first-order lighthouse on the coast is two foreign keepers, two native keepers, and two coolies. The Yangtze lights are each managed by two native keepers. A first-class lightship is manned by a foreign captain and two foreign mates, and a native crew consisting of two engineers, one carpenter, three lamp trimmers, and six sailors.

There are now in the service about 67 foreign captains, mates, and lightkeepers, and 207 native keepers, besides a considerable number of coolies, many of whom are competent to stand a watch alone. The foreign staff is divided into captains, mates, chief keepers A, chief keepers B, second keepers A, second keepers B, third keepers A, and third keepers B; and the rates of pay, per mensem, are as follows: captains, a maximum of Haikuan Taels 200, say, £30 6s. 3d.; mates, a maximum of Haikuan Taels 100, say, £15 3s. 1½d.; and keepers from a maximum of chief keepers A, Haikuan Taels 120, say, £18 3s. 8d. to a minimum of third keepers B, Haikuan Taels 60, say, £9 1s. 10d. The native keeper's pay varies from 25 Haikuan Taels, say, £3 15s. 9d. to 5 Haikuan Taels, say 15s. 2d., per mensem. Foreign keepers receive a bonus of one

year's pay after ten years' service, and are granted one year's leave on half pay during the same period. They are also allowed one month's leave in the year. Native keepers receive a bonus of one month's pay every year after three years' service, and are allowed a month's leave in every twelve months.

(6) BUOYS AND BEACONS.

There are at present eighty-eight buoys watching on the coast, including four of Courtney's whistling buoys, one bell buoy, and one exhibiting a Wigham's Petroleum Buoy light. The service buoys are made in two sizes, 10 feet diameter and 6 feet diameter, and are surmounted by bamboo cages of various shapes. They are now usually constructed of steel, and are divided into compartments. The moorings are mushroom anchors, and iron or stone sinkers; and at the suggestion of the coast inspector, cement concrete sinkers are now being economically constructed. Fourteen gas-lighted buoys on Pintsch's system are in course of construction for the Yangtze estuary; and it is likely that this system will eventually be further extended. There are seventy-eight beacons of iron, stone, and wood in position.

Both buoys and beacons are coloured on a uniform system. The colour of buoys, with directions and explanations, will be found in the Appendix.

Wreck-marking Boats.—The distinguishing sign of a wreck-marking boat at night, is either one *red* light, or a *red* light with a *white* light vertically below it. By day, such a boat exhibits a *red* flag, or such other *mark* as may be locally notified.

(7) CONSTRUCTION, MAINTENANCE, AND INSPECTION.

The head of the Chinese Lighthouse Service is Sir Robert Hart, Inspector-General of Customs. Sites for new lights are chosen by the Coast Inspector and the Engineer-in-Chief in consultation. The necessary designs and estimates are then prepared by the latter, and submitted to the Inspector-General for his approval and sanction. All local financing is undertaken by the Commissioner of the Port in whose district the lighthouse is to be built; and the contracts for the lanterns, lights, etc., required from Europe, are usually put up to open competition by the London Secretary of the Customs' Service, under instructions from the Inspector-General. The actual work on the site, the erection of the various buildings, etc., are seldom done by contract, but are generally carried out by a Resident Engineer under the supervision of the Engineer-in-Chief. Labour

being cheap in China, labour-saving appliances are few, and not necessary. The lighthouse, having been completed, and the light exhibited, it is handed over by the Engineers' Department to the Chief of the district in which it has been built; and a notice to mariners is issued by the Coast Inspector by order of the Inspector-General. Local notices are issued, if necessary, signed by the Harbour Master of the nearest port, and approved by the Commissioner.

Maintenance.—The Coast is divided into seventeen lights districts.

The lights in each district are officially under the Commissioner of the Port; but for convenience in working, the Shanghai and Ningpo Districts are controlled by the Coast Inspector's office in Shanghai; and the Swatow, Amoy, and Foochow districts are managed from Amoy, where an Inspector of Southern Lights is established. The headquarters of the Lights' Service are in Shanghai, where the Engineer-in-Chief and Coast Inspector have their establishments, and where there is a large dépôt containing oil go-downs, stores, buoy-shed, experimental lantern, boat-shed, etc., and where oil-gas works will shortly be erected. The lights on the coast are communicated with at least once a month, in some cases by steamer, in others by sailing tenders, and in a few instances by couriers.

The lighthouse tender "Ping-Ching" is stationed in Shanghai and does most of the heavy work on the coast, taking out yearly supplies, etc., and carrying the Engineer-in-Chief and Coast Inspector on their tours of inspection. This vessel is 230 feet in length by 30 feet in beam, and, having ample hold accommodation, is useful in building work; but she is unable to cope with all the work required, and is at present assisted by one or more of the Revenue cruisers. These ships, being purely men-of-war, are entirely unfitted for lighthouse work; and the Inspector-General is now building a new twin-screw light-tender, 195 feet long by 28½ feet beam. Sailing tenders are stationed at Newchwang, Chefoo, Ningpo, Amoy, Swatow, and Hoihow; and a small steam buoy barge is stationed at Foochow. The Yangtze lights are tended at present by sailing craft; but it is proposed to build two steam launches for this work.

Inspection.—Usually each light on the coast is inspected once a year by both the Coast Inspector and the Engineer-in-Chief. Lights are liable to inspection at other times by the Inspector of Southern Lights, and by the harbour-masters of the ports in whose district they are, and by the captains of Customs' cruisers.

The light-keepers keep a complete set of books, including, Daily Journal, Monthly, Quarterly, and Yearly Sheets of Expenditure of Stores, Meteorological Records, Order Book, Visitors' Book, Letter Book, Property Book, Signal Book, Stores' Book, and Defect Book; and at the more important stations, meteorological observations are taken every three hours, and the records thus obtained are supplied to the observatories at Shanghai and Hong Kong.

The total number of lights, etc., now under the control of the Service is:—Lights, 98; light-vessels, 4; light-boats, 20; buoys, 88; beacons, 78.

In addition to the above, there are no less than seventeen lights on the coast and in Formosa in the hands of other nations.

The paper is accompanied by numerous illustrations, which, with a large scale chart of the coast, showing the ranges and characteristics of the various lights, will be laid on the table during the meeting.

APPENDIX.

Buoys.		DIRECTIONS AND EXPLANATIONS.
No.	Colour.	
1	Red	Entering the channel from seaward, <i>red</i> buoys will be found on the <i>starboard</i> side of the channel, and must be left on the <i>starboard</i> hand by vessels passing in.
2	Black	Entering the channel from seaward, <i>black</i> buoys will be found on the <i>port</i> side of the channel, and must be left on the <i>port</i> hand by vessels passing in.
3	Red and black horizontal bands.	Buoys painted in <i>red</i> and <i>black</i> horizontal bands will be found in the fairway, and should be passed close-to.
4	Red and black vertical stripes.	Buoys painted in <i>red</i> and <i>black</i> vertical stripes will be found on the ends of spits, and the outer and inner extremes of banks, shoals, or extensive reefs, where there is a navigable channel on either side of such spit, bank, shoal, or reef. Vessels should never attempt to pass between a buoy thus painted and the danger which it marks.
5	Red and black chequers.	Buoys painted in <i>red</i> and <i>black</i> chequers will be used to mark rocks in the open sea, also to mark obstructions of small extent having channels on either side of them. When used for the latter purpose, they will be placed to seaward of the danger. Vessels should never attempt to pass between a buoy thus painted and the danger which it marks.

APPENDIX—*continued.*

BUOYS.		DIRECTIONS AND EXPLANATIONS.
No.	Colour.	
6	Red and white chequers.	
7	Black and white chequers.	
8	Wreck buoys	<p>When <i>two chequered</i> buoys of these colours are used to mark an obstruction, the <i>red and white</i> one is to mark the <i>starboard</i> side of the channel, and must be left on the <i>starboard</i> hand by vessels passing in; and the <i>black and white</i> one is to mark the <i>port</i> side of the channel, and must be left on the <i>port</i> hand by vessels passing in.</p> <p>Wrecks will in all cases be marked by <i>green</i> buoys, having the word WRECK painted on them in <i>white</i> letters; and when a wreck lies in the open sea, or in a position where there is a navigable channel with plenty of room on either side of it, the buoy will carry no other distinguishing mark, and will in every such case be placed to seaward of the wreck.</p> <p>Wreck buoys marked with an <i>even</i> number must be left on the <i>starboard</i> hand by vessels entering from the sea.</p> <p>Wreck buoys marked with an <i>odd</i> number must be left on the <i>port</i> hand by vessels entering from the sea. The numbers on wreck buoys will be painted in <i>white</i>, and placed above the word WRECK.</p>

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